

Streamlined Sales Tax State Auditor Training

CORE TEAM
CONTRACT
COMPLIANCE AUDITS
OF CSP'S

AND

MEMBER/ASSOCIATE
MEMBER STATE TAX
COMPLIANCE AUDITS

AUGUST, 2025 – MN
DOR - ST. PAUL, MN

Agenda

Introductions

Overview

Pre-Audit

Audit

Helpful
Information

Audit
Timelines &
Contacts

Introductions



Craig Johnson, Executive Director

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Alison Jares, Director of Research and State Compliance

Bobbie Stellner, Administrative Operations
Manager/Executive Assistant

Introductions



Audit Committee Chair: Megan Martin (ND)

Audit Core Team: Steve Krovitz (MN), Neil Upsahl (WA), Angelia Sykes (KY), and Karla Koehler (NE)

Certification Committee Chair: David Kolb (IN)

Streamlined Sales Tax Brief Overview

- Who We Are
- What We Do
- Why We Do It
- Key Features

Who We Are

Non-profit Corporation Controlled 100% by Member States

- Voluntary Participation
- 23 Full member states
- 1 Associate member state

Local Governments

Tax Practitioners

Business community

What We Do

“States and businesses working together to create simpler, more uniform sales and use tax systems.”

- Simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance.
- Improve sales and use tax administration systems for all sellers and for all types of commerce.

Streamlined's Goals

Simplification

Uniformity

Respect State Sovereignty

Use Technology to Make it Easier

Why We Do It

Quill v. North Dakota (1992)
and *South Dakota v. Wayfair*
(2018)

Compliance with sales tax
by multi-state corporations
is too complex (undue
burdens)

Local merchants suffer from
lack of level playing field

Significant losses of tax
revenue due to growth in
electronic commerce and
inability of states to
administer use tax with
consumers

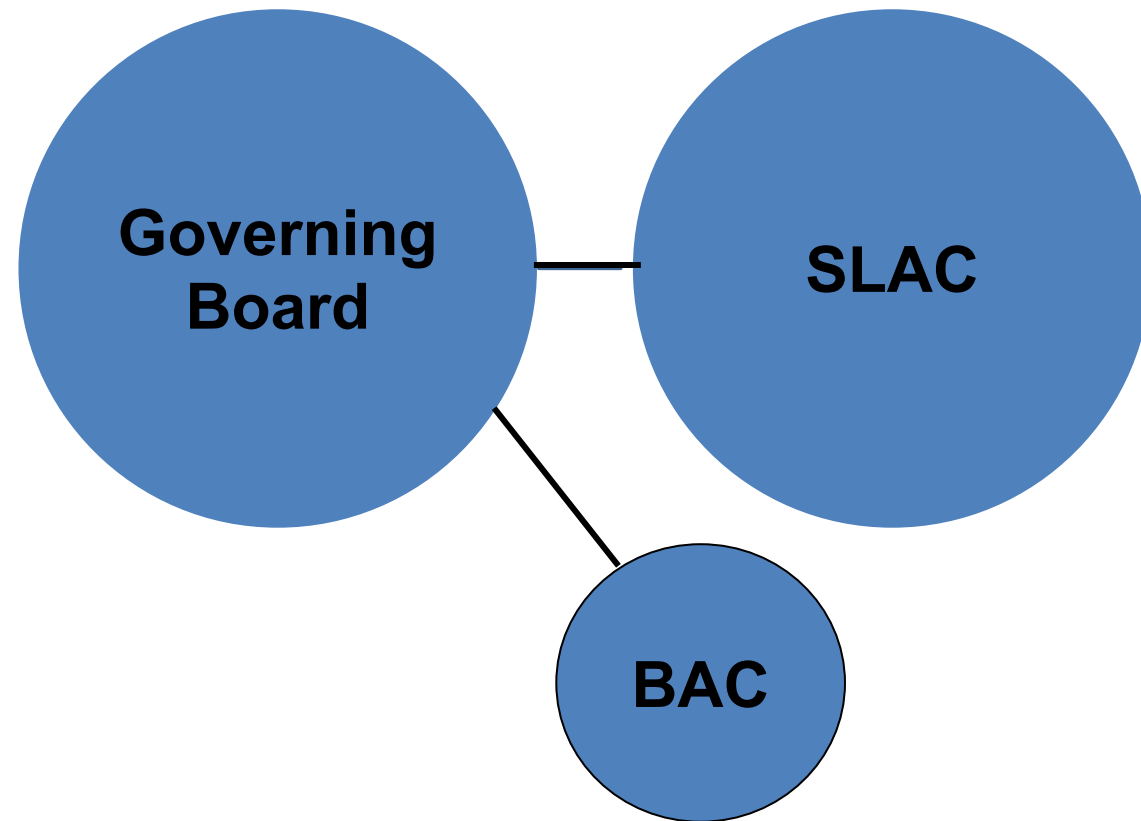
Results: Streamlined Sales and Use Tax Agreement (SSUTA)

- SSUTA effective October 1, 2005
- Current membership (8/1/2025)
 - 23 Full Members:
Arkansas, Georgia, Kansas, Kentucky, Indiana, Iowa, Michigan, Minnesota, Nebraska, New Jersey, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Dakota, Utah, Vermont, Washington, West Virginia, Wisconsin, and Wyoming
 - 1 Associate Member
Tennessee

How are We Governed?

- All member states have a seat on the Governing Board
- Governing Board formed a nonprofit entity: Streamlined Sales Tax Governing Board, Inc.
- Governing Board advised by: State and Local Advisory Council (SLAC) and Business Advisory Council (BAC)

Streamlined Sales Tax Governing Board, Inc.



Governing Board

Interpretations of and Amendments to SSUTA

- $\frac{3}{4}$ vote requirement

Certifies tax technology systems and service providers

Reviews state compliance with SSUTA

Implements administrative mechanisms

- Vendor compensation
- Multi-state audit procedures

Handles dispute resolution

State and Local Advisory Council

Voice for states and local governments– including those not on the Governing Board

Ex officio membership on Governing Board

- Chair – Merry Hopkins (MN)
- Vice Chair – Alexander Fant (OH)

Develops new definitions and analyzes proposed amendments

Develops rules and advises on requests for interpretations

Works with Business Advisory Council (“BAC”)

Business Advisory Council

Voice of business community members

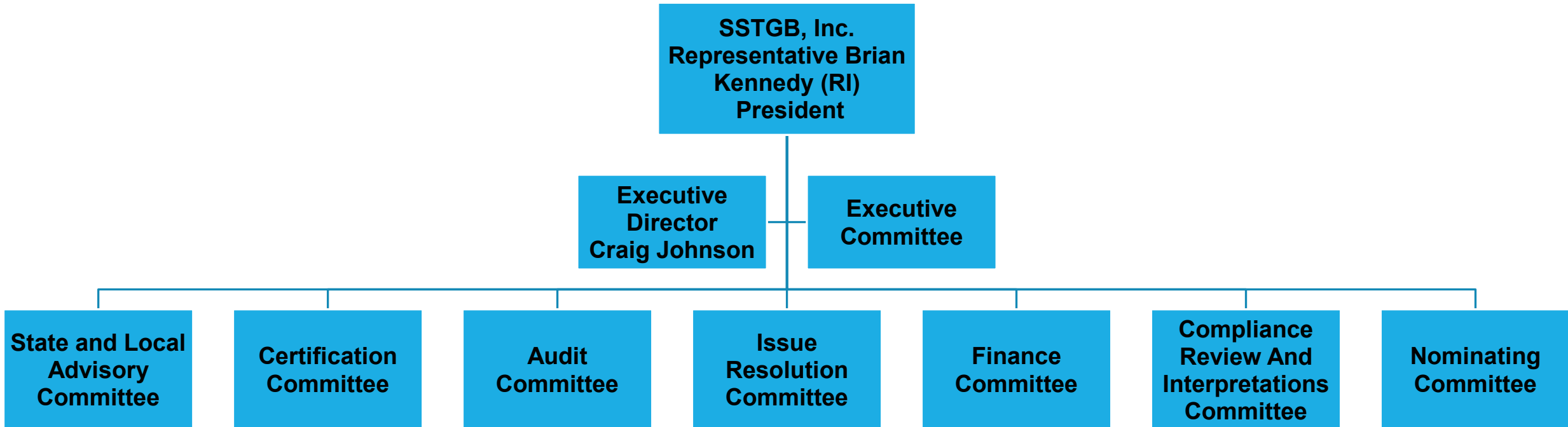
Provides input to Governing Board and State and Local Advisory Committee related to administration, interpretation, compliance with and amendments to the agreement

Members include businesses, associations, and practitioners

Ex officio seat on Governing Board

- Brandi Drake (Charter Communications)

How Are We Governed?



Key Features of SSUTA

State level
administration of local
sales and use taxes

Common state and
local tax base within a
state

Uniform destination-
based sourcing rules
for goods and services

One-stop central
registration

Uniform definitions

Key Features of SSUTA

Uniform simplified
electronic return
(SER)

Rate and boundary
databases

Taxability Matrix –
Library of
Definitions

Taxability Matrix –
Tax Administration
Practices

Simplified
exemption
administration

Liability relief
provisions

CSP Model

State Frustration Leads to *Wayfair* Decision

South Dakota v. Wayfair– What the Court Held

U.S. Supreme Court (June 21, 2018)

- Overturned a physical presence requirement for sales/use tax (Bellas Hess (1967) and Quill (1992))
- Added an “economic and virtual presence” test
- Only addressed the first prong of Complete Auto’s (1977) four prong test – requires a taxpayer have “substantial nexus with the taxing state”
- South Dakota’s \$100,000 in sales or 200 transactions held by the Court to be sufficient because “the seller availed itself of the substantial privilege of carrying on a business in South Dakota”

South Dakota v. Wayfair— What the Court Did Not Hold

The Court did not rule on the overall constitutionality of South Dakota's law;

- The Court remanded the case back to South Dakota to address “whether some other principle in the Court’s Commerce Clause doctrine might invalidate [South Dakota’s law]”
- The Court noted these issues were not litigated or briefed; thus, the Court remanded the case for the lower courts to resolve them
- Case was ultimately settled with no resolution on undue burdens, etc.

South Dakota v. Wayfair - Guidance

The Court noted three features about South Dakota's law that appeared to be **designed to prevent discrimination against or undue burdens upon interstate commerce:**

- Transactional Safe Harbor;
- No retroactive application; and
- **Membership in the Streamlined Sales and Use Tax Agreement (SSUTA)**

South Dakota v. Wayfair - Guidance

Specific Items Noted in *Wayfair* Decision Related to South Dakota being a member state of the Streamlined Sales and Use Tax Agreement:

- SSUTA states standardize taxes to reduce administrative and compliance costs
- SSUTA states have single state level administration
- SSUTA states share uniform definitions of many products and services
- SSUTA states have simplified tax rate structures
- SSUTA states provide access to sales tax administration software paid for by the member states
- Sellers in SSUTA states who choose to use such software are immune from audit liability



Undue Burden Litigation Pending in Illinois

- ▣ Coast to Coast Computer Products, Inc.
- ▣ Chic Soul LLC
- ▣ Millenium Medical Education Resources Ltd.
- ▣ Hill House Home, Inc.
- ▣ Life is Good Retail, Inc.

- ▣ Protesting Illinois audits – undue burdens on interstate commerce
 - ▣ Local business – origin sourcing
 - ▣ Remote business – destination sourcing

Congress Could Still Act

Senate Finance Committee Hearing June 2022

- Examined Impact of *Wayfair* Decision
- Witnesses – GAO, 2 small businesses, one practitioner and SST
- Business Concerns Raised
 - Created burdens and challenges
 - Registration
 - Lack of uniformity
 - Lack of state guidance
 - Cost of compliance



United States Government Accountability Office

Report to Congressional Requesters

November 2022

REMOTE SALES TAX

Federal Legislation
Could Resolve Some
Uncertainties and
Improve Overall
System

Highlights from the 2022 GAO Report

Recommendations:

- ❖ Congress work with states
- ❖ Establish nationwide parameters
- ❖ Balance state interests and multistate complexities
- ❖ Address uncertainties

**Senate
Finance
Committee
Hearing
September
2024**

- Hearing at the Fiscal Responsibility and Economic Growth Subcommittee (Sept 25, 2024)
- Witnesses
 - Joseph Bishop-Henchman - National Taxpayers Union Foundation
 - Craig Johnson – Streamlined Sales Tax
 - Diane Yetter – Sales Tax Institute
- Discussed Providing Small Business Relief from Remote Sales Tax Collection

**Senate
Finance
Committee
Hearing
September
2024**

- All 3 witnesses supported expanding Streamlined to other states – either as full member states or through participation in one or more programs as the best approach to reduce burdens on small remote sellers
- Potential legislation in discussion draft by Senator Hassan (NH)

Success to Date

- Nearly 33,000 active retailers registered
- Approximately \$14 billion collected by member states
- Continue to look for improvements

Questions





Certified Service Provider (CSP)

Certified Service Provider (CSP)

Who or what is a CSP?

A third party that allows sellers to outsource its sales tax compliance responsibilities using a Certified Automated System (CAS)

Certified Service Provider (CSP)

What is a Certified Automated System (CAS)

- “Tax engine” that determines:
 - Taxability of transaction
 - State and local tax rates
 - Tax due to each jurisdiction
 - Determines amount of tax to be reporting for the reporting period
 - Generates reports and returns required by the Governing Board
 - Meets other requirements set by SSTGB

Certified Service Provider (CSP)

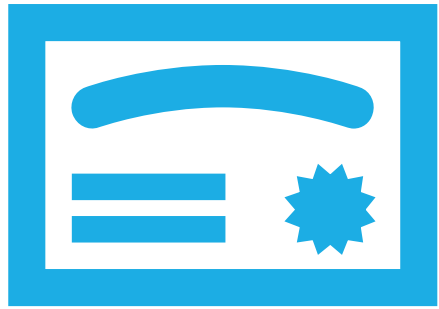
What does a CSP do?

- Integrates its “tax engine” (i.e., CAS software) with seller’s order entry system/shopping cart
 - Calculate tax due at time of sale
 - Batch processing issues
- Agrees to remit taxes calculated as determined under the SSUTA
- Protects privacy of information obtained
- Enters into contract with SSTGB
- Agrees to comply with terms of the contract

Certified Service Provider (CSP)

Prior to becoming a CSP:

- Each Streamlined full member, contingent member, and associate member state will have certified the accuracy of the software (CAS) and will provide liability relief for incorrect tax calculation based on that certification.



CSP Certification Process

CSP Certification Process

Process can take 5-6 months

SSTGB Rule 501 and Rules Appendix A (Timeline)

- Completes CSP application
 - Application based on Minimum standards (Rules Appendix C and G)
 - Application reviewed by IT Director, SST Tech Person, Certification Chair, plus
- Tests with all SST states and with SST IT
- SST conducts potential site review
- Certification Committee reviews and makes recommendation to Executive Committee
- Executive Committee reviews and determines if contract will be entered into.

CSP Certification Process - Testing

What is tested?

- Taxability Rules
 - At a minimum must have Tax Rules for items in the Taxability Matrix: Library of Definitions
- Sourcing
 - A test deck is used to determine if correct codes and rates are found using the state's Rate and Boundary files
- Tax Calculation — Rounding issues
- SER
 - Proper formatting and use of state webservices
- End to End Testing
 - Follows transactions from test deck to SER
- Testing Bulk Registrations with SST IT staff

CSP Certification Process

(Ongoing Testing Process)

Quarterly Test Decks

- Taxability rules (Uniform)
- Sourcing
- Tax Calculation

Expanded Quarterly Test Decks

- CSP Specific Taxability Rules

CSP Specific Online Test System

- Single item entry screen
- Upload process

Product Mapping

- States certify taxability of product categories
- Individual products get mapped to the certified product categories
 - Seller mapping versus CSP mapping



What is a Model 1- CSP Compensated Seller?

SST Sellers

Sellers that register through the Streamlined Sales Tax Registration System (SSTRS) are SST Sellers.

Filing an SER is not relevant

- SST sellers may or may not file a SER
- Non-SST sellers may or may not file a SER

Non-SST Sellers

- Any seller that has not registered through SST
- May take advantage of rates and boundaries files, taxability matrix, simplified electronic returns (SERs)
- May file sales tax returns on state sales tax form or SER

Types of SST Sellers

Model 1 CSP Compensated Seller

- Seller that registers through SST for CSP services and qualifies for compensation in your state.

Model 1 CSP Non-Compensated Seller

- Seller that registers through SSTRS and uses CSP services but does not qualify for compensation in your state.

Model 4 Seller

- Seller that registers through SSTRS but does not use CSP services.

Auditing Model 4 Sellers

- Seller registered through SST but is responsible for its own tax calculations.
- No special rules.
- Audit procedures are the same as non-SST sellers

Auditing Model 1 Non-Compensated Sellers

- Sales processed by CSP but seller pays CSP for its services.
 - Does not qualify for compensation to be paid by State
- Audit procedures are the same as non-SST sellers.
 - Audit goes through seller, not CSP
 - State can request sales files similar to Appendix F file.
- Relationship between CSP and seller:
 - CSP is a tax preparer – same as any other tax preparer.
 - CSP is not an agent of the seller.
- Since using CSP, in general should have less audit potential.

Training Today is for Model 1 Compensated Sellers

Model 1 Compensated Sellers

States pay for CSP services

- CSP Compensation is % of tax reported

Qualifications defined by the CSP contract.

- In general, compensated if your state has:
 - No fixed place of business; and
 - Property and payroll less than \$50,000

Status as M1 Compensated Seller may change during audit period.

Model 1 Compensated Sellers Use a CSP

CSP contract defines the CSP as an agent for the seller.

- Does your state require POA to talk to CSP?

Required to file a monthly SER

Model 1 Compensated Sellers Use a CSP

CSP performs all the seller's sales tax functions, other than remitting tax on its own purchases, including:

- Determine which products and services are taxable
- Determine the appropriate tax rate
- Prepare and file the required tax returns
- Remit the tax to each of the Streamlined member states,
- Resolve any notices or audits by any Streamlined member states

CSP provides (or can provide) Appendix F file for audit.

Auditing Model 1 Compensated Sellers

Transactions Processed by CSP

- Overall tax is more accurate.

Main areas of audit exposures:

- Mapping
- Sales not running through the CSP

CSP handles sales tax only. Does not handle use tax or other tax types.



Mapping Example #1

Majority of audit adjustments relate to product mapping, or making sure items end up in the right bucket.

- So if the bucket is lamp shades, this would include items such as purple lamp shades and lamp shades shaped like a football.
- Would not include the lamp itself or light bulbs.

Mapping Example #2

Product category is Food and Food Ingredients:

- Items such as milk, eggs and flour > Correctly mapped.
- Items such as soft drinks, candy and supplements > Not correctly mapped.

Product mapping is not certified.

- CSP often not involved or limited involvement with mapping.

Relief From Liability

	CSP/Model 1 Seller
Reliance on Taxability Matrix	Yes
Reliance on R&B tables	Yes
Reliance on Certification	Yes
Product Mapping	No

Auditing Model 1 Compensated Sellers

Generally audited on a 3-year cycle.

- Next audit cycle begins early 2026 for years 2023-2025.

Audit contact is the CSP.

Does your state issue audit report for seller or CSP?

How to Identify a Model 1-CSP Compensated Seller

The CSP provide services for all states in which the seller is registered through the SSTRS. This may include states where the seller does not qualify as a CSP Compensated Seller.

Review the State's extract and Check the Model Type (be sure no CSP end date).

Model Type	Service ProviderId	Service Provider Name	CSP End Date	CSP Last Filing Period	Unregistered Date	Out Of Business Date	Create Date	Effective Date (last change)	Registration Status	GA Reg Indicator	GA Is Registered
Model One	CSP100001	SST					20190515	20200623	Active	R	True
Model One	CSP000001	SSTGB					20190515	20200508	Active	R	True
Model One	CSP000001	SSTGB					20190516	20190516	Active	R	True
None			20191231	201912			20190516	20200203	Active	R	True

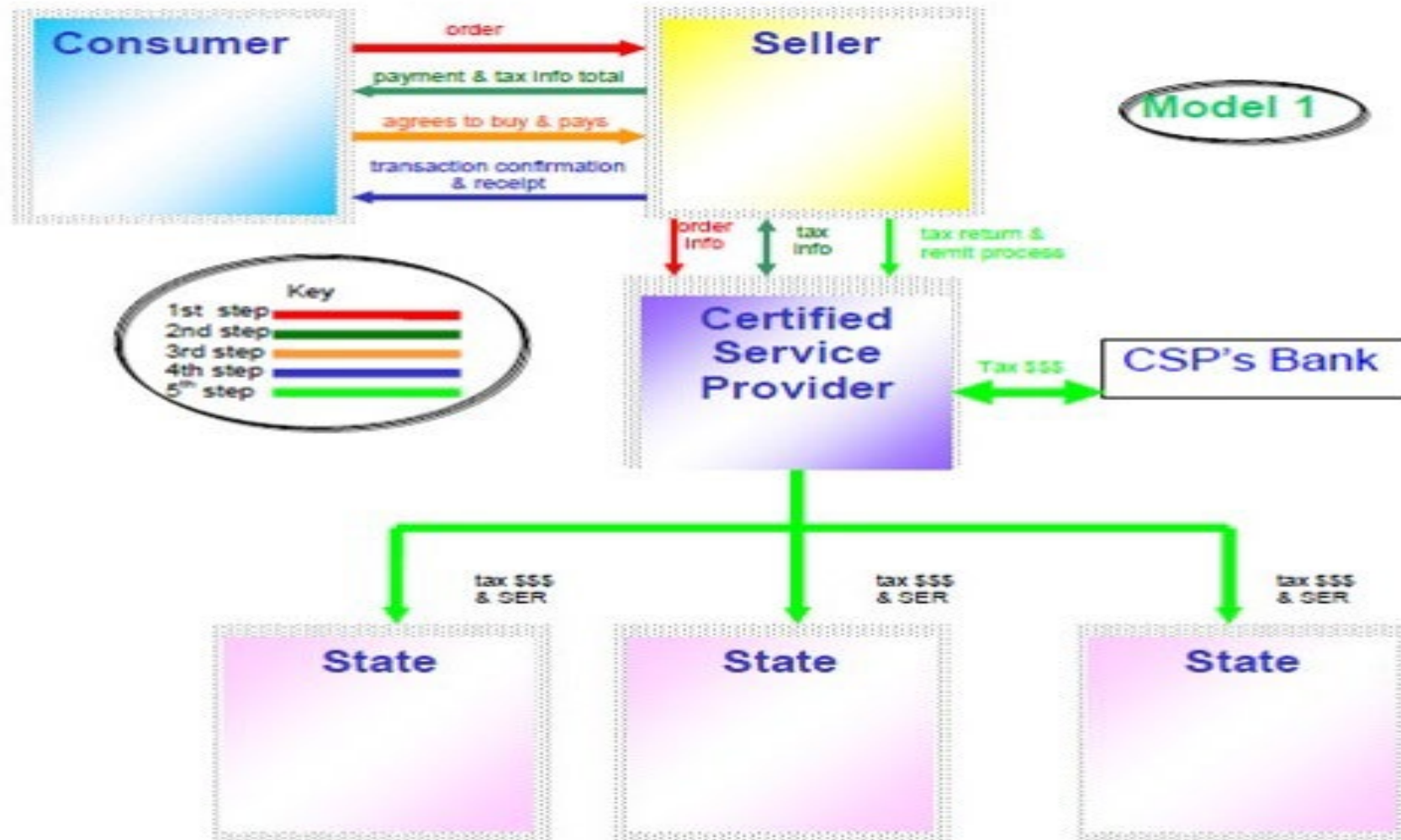
How to Identify a Model 1-CSP Compensated Seller

From State's Extract

If Model One, check the State's Volunteering Status – CSP Compensated will show "Volunteering"

Georgia Volunteering Status	Georgia Is Remote Seller	Georgia Remote Effective Date	Georgia Remote End Date	Georgia First Sales Date	Georgia First Filing Period	Georgia Last Sales Date
Undetermined	False			20190515	201907	
Volunteering	True	20190701		20190701	201904	
Not Volunteering	False			20190401	201905	
Volunteering	False			20200203		

Model 1 CSP Compensated Seller



Questions



Rates & Boundaries Database Requirements

Must show all sales and use tax rates for all jurisdictions

Must assign each 5-digit and 9-digit zip code to the proper rate and jurisdiction

Must describe changes and the effective date of the change

Optional:

Address-based boundary database

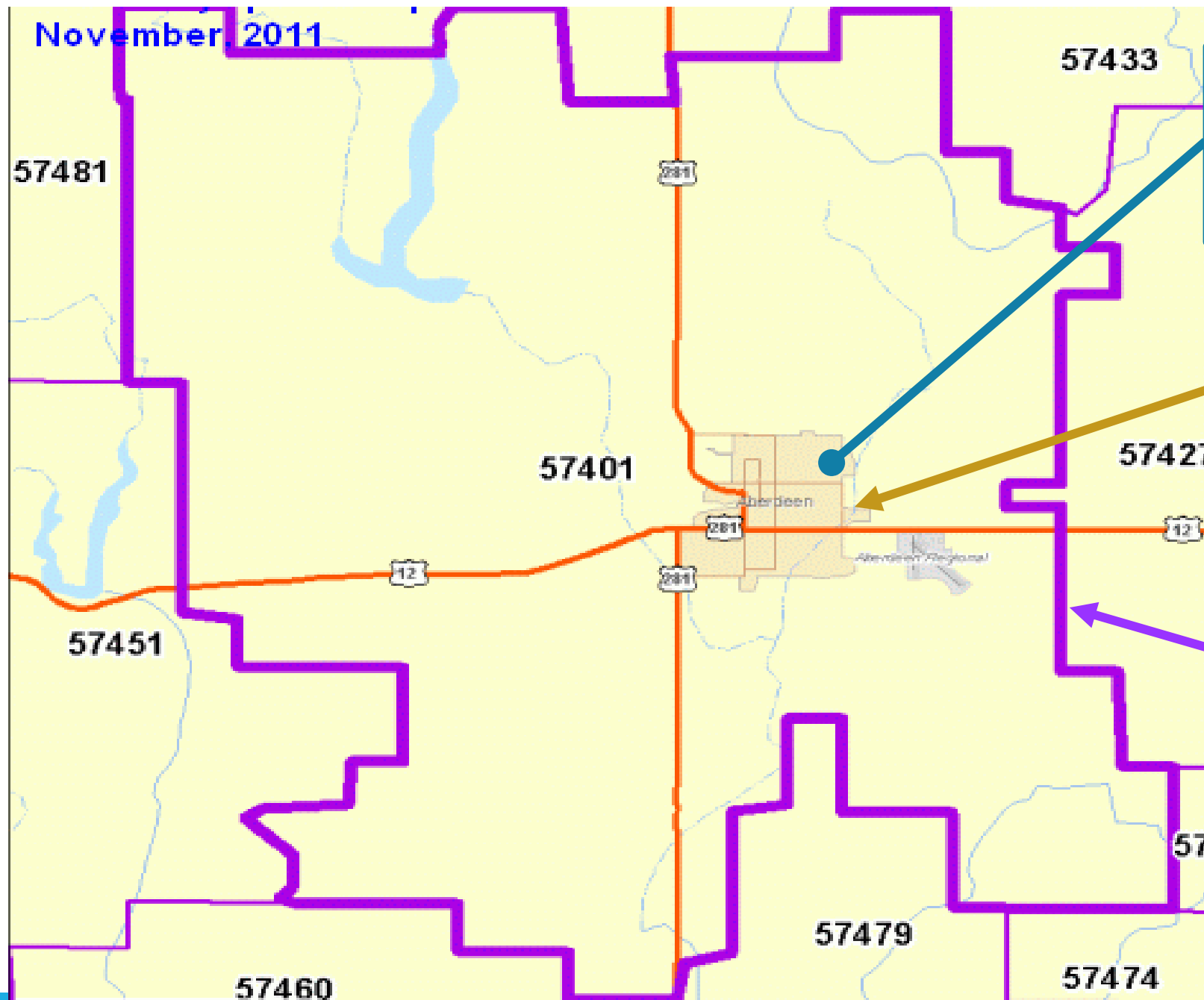
Boundary Database Levels

A Level – Address Level

- specific street address or PO Box
- may not be USPS deliverable
- if not, a USPS address will not have 9-digit zip code.

4 Level – 9-digit zip code

Z Level – 5-digit zip code



A Level
608 12th Ave NE
Aberdeen, SD 57401-2559
• State and City tax (6.5%)

4 Level
57401-1000 to 57401-9545
All located inside Aberdeen
All have same state and city rate.
• State and City tax (6.5%)

Z Level
57401 includes Aberdeen (6.5%-State & City tax) and areas outside Aberdeen (4.5%-State tax only).
• State tax (4.5%)

If a level includes jurisdictions with different rates, use the lowest combined rate. (primarily happens at Z level)

Rates & Boundaries Dates

Effective Date of Local Rate/Boundary Files

- The first day of the calendar quarter after 60 days' notice (state can provide notice on their website)
- Rate changes on printed catalogs with published local rates: effective with 120 days' notice
- Files are posted on the SST Website by the first day of the month prior to the first day of a calendar quarter (per SSUTA)
- Notice of new files posted is sent to the Rate and Boundary File email list, which includes all CSPS

Corrections to Files

- May be made to a rate or boundary file at anytime. Recommend keeping changes to 1st day of calendar quarter.
- CSPs: have 10 days after receiving notice of a corrected file to begin using the corrected file (see CSP Contract).
- Sellers are not required to use a file that is posted late until the start of the next quarter.

Dates are important for Liability Relief

Boundary Database - Sample

	Beg Date	End Date	Low Range	High Range	P R E	Street Name	Suffix	Post				City	Zip	Zip4	Zip Low	Zip4 Low	Zip High	Zip4 High	Composite SER Code	FIPS State Code	FIPS State Indicator	FIPS County	FIPS Place
A	20051001	29991231	608	608	E	12	AVE	NE				ABERDEEN	57401	2559						46	46	013	00100
4	20051001	29991231													57401	1000	57401	5212		46	46	013	00100
Z	20051001	29991231													57401		57481			46	46	013	

With Changes

	Beg Date	End Date	Low Range	High Range	P R E	Street Name	Suffix	Post				City	Zip	Zip4	Zip Low	Zip4 Low	Zip High	Zip4 High	Composite SER Code	FIPS State Code	FIPS State Indicator	FIPS County	FIPS Place
A	20051001	20220331	608	608	E	12	AVE	NE				ABERDEEN	57401	2559						46	46	013	00100
A	20220401	29991231	608	608	E	12TH	AVE	NE				ABERDEEN	57401	2559						46	46	013	00100
4	20051001	20220331													57401	1000	57401	5212		46	46	013	00100
4	20220401	29991231													57401	1000	57401	9545		46	46	013	00100
Z	20051001	20051010													57335		57401			46		013	
Z	20051011	29991231													57401		57481			46	46	013	

Liability relief (SSUTA Section 306)

No member state may hold a seller or CSP liable for incorrect tax collected when the CSP or seller relied on the state's rates and boundary databases, if the state provided wrong information in the database.

Audits

If incorrect tax was collected on a transaction, use the rates and boundary table to determine if you can assess.

1. Need transaction date
2. Need complete address for the transaction
3. For an address database, the address must EXACTLY match the address that was effective at the time of the transaction.
4. If no address match, use the 9-digit zip code. Use the 5-digit zip code if no other match found.

Boundary Table Example

Procedure: Standardize address to be sure fields are completed with valid data. If address is returned as invalid, use the address as entered. Address must be an **exact** match.

Check A level first, then 4, then Z

Address: 608 12 th Ave NE, Aberdeen, SD 57401-2559 Transaction Date: 3-10-2022																							
	Beg Date	End Date	Low Range	High Range	P R E	Street Name	Suffix	Post				City	Zip	Zip4	Zip Low	Zip4 Low	Zip High	Zip4 High	Composite SER Code	FIPS State Code	FIPS State Indicator	FIPS County	FIPS Place
A	20051001	20220331	608	608E		12	AVE	NE				ABERDEEN	57401	2559						46	46	013	00100
A	20220401	29991231	608	608E		12TH	AVE	NE				ABERDEEN	57401	2559						46	46	013	00100
4	20051001	20220331													57401	1000	57401	5212		46	46	013	00100
4	20220401	29991231													57401	1000	57401	9545		46	46	013	00100
Z	20051001	20220331													57335		57401			46	46	013	
Z	20220401	29991231													57401		57481			46	46	013	

Rate Database

The Jurisdiction FIPS codes from the example was state 46 and local 00100.

- 46 shows state tax jurisdiction (45) and 4.5% rate
- 00100 shows city tax jurisdiction (00100) and 1% rate
- Total 5.5% tax applies to the transaction.

Address: 608 12th Ave NE, Aberdeen, SD 57401-2559 Transaction Date: 3-10-2022

State	Jurisdiction Type	Jurisdiction FIPS Code	General Tax Rate Intrastate	General Tax Rate Interstate	Food/Drug Rate Intrastate	Food/Drug Rate Interstate	Begin Date	End Date
46	45	46	0.045	0.045	0.045	0.045	20160601	29991231
46	45	46	0.04	0.04	0.04	0.04	20051001	20160531
46	01	00100	0.02	0.02	0.02	0.02	20220401	29991231
46	01	00100	0.01	0.01	0.01	0.01	20051001	20220331



Where to find Rate and Boundary Files on SST website

<https://www.streamlinedsalestax.org/Shared-Pages/rate-and-boundary-files>



Rate and Boundary File Instructions

Technology Guide – Chapter 5

https://www.streamlinedsalestax.org/docs/default-source/technology/technology-guide-october2022.pdf?sfvrsn=cb96bb_10



State's Quarterly files or corrected files are uploaded to Sharefile.

Instructions in Technology Guide and Appendix E



Where to find the Taxability Matrix: Library of Definitions



Includes Products defined in the SSUTA
Taxable or Exempt
Included or excluded from sales price

Includes Statute or Rule References

State Taxability Matrix: Library of Definitions

SSUTA Appendix C – LIBRARY OF DEFINITIONS

Matrix Section A – Administrative Definitions

- States indicate if the definition is Included or Excluded from Sales Price
-

Matrix Section B – Sales Tax Holidays

- States indicate if they have a holiday
- If the state has a Sales Tax Holiday they indicate if the defined terms are Taxable or Exempt during the holiday

Matrix Section C – Product Definitions

- States indicate if the defined term is Taxable or Exempt
- States do not have to adopt the defined term if they treat the product as TPP (must adopt the defined term if it is specifically exempt)

Liability Relief (Section 331 of SSUTA): *Sellers, CSPs, & Purchasers are held harmless from tax liability due to relying on incorrect information provided by the state in the taxability matrix.*

Taxability Matrix: Library of Definitions

<https://sst.streamlinedsalestax.org/TM>

State Taxability Matrix: Library of Definitions

Library of Definitions					
A. Administrative Definitions		Treatment		Reference	
Reference Number	Sales price: Identify how the options listed below are treated in your state. The following options may be excluded from the definition of sales price only if they are separately stated on the invoice, bill of sale or similar document given to the purchaser.	Included in Sales Price	Excluded From Sales Price	Statute/Rule Cite	Comment
10010	Charges by the seller for any services necessary to complete the sale other than delivery and installation	X		A.C.A. 26-52-103, 26-53-102	
10070	Telecommunication nonrecurring charges	X		A.C.A. 26-52-103, 26-53-102	
10040	Installation charges		X	A.C.A. 26-52-103, 26-53-102, 26-52-301	Taxable if installation is a taxable service

State Taxability Matrix: Library of Definitions

C. Product Definitions		Treatment		Reference	
Reference Number	Clothing and related products	Taxable	Exempt	Statute/Rule Cite	Comment
20010	Clothing, except A through D	X		A.C.A. 26-52-444, Rule 2012-2	Clothing is exempt only during the sales tax holiday
20011	A. Diapers – Childrens (may be excluded)	X		A.C. 26-52-444, Rule 2012-2	Clothing s exempt only during the sales tax holiday
20012	B. Diapers – Adults (may be excluded)	X		A.C.A. 26-52.444, Rule 2012-2	Clothing is exempt only during the sales tax holiday
20015	C. Essential clothing priced below a state specific threshold. If exempt, list in the comments	X		N/A	
20050	D. Fur clothing	X		N/A	
20020	Clothing accessories or equipment	X		A.C.A. 26-52-444, Rule 2012-2	Clothing accessories or equipment are exempt only during the sales tax holiday
20030	Protective equipment	X		A.C.A. 26-52-434, 26-53-142, Arkansas Gross Receipts Tax Rule GR-31.1	Generally taxable as TPP unless a specific exemption applies, i.e., volunteer fire departments
20040	Sport or recreational equipment	X		N/A	

Expanded CSP Taxability Matrices

- Other certified codes
- Expanded test decks
- Taxability of certified product codes

SSUTA Appendix E – Library of TAX ADMINISTRATION Practices

“Disclosed Practices” and “Best Practices”

Tax Administration Practices provide sellers, CSP & purchasers with general guidance to several administrative procedures followed by the state taxing authority.

- States are required to disclose their practice.
- States are NOT REQUIRED to follow any practice.

Appendix E of the SSUTA provides clear explanations and examples of the practice being disclosed.

Liability Relief (Appendix E of SSUTA): *To the extent possible under each state’s laws, sellers, CSPs, & purchasers are relieved from tax liability due to relying on incorrect information provided by the state in the tax administration practices.*

Liability relief is provided until the first day of a calendar month that is at least 30 days after the state corrects the matrix.

Taxability Matrix: Tax Administration Practices

<https://sst.streamlinedsalestax.org/TAP>

State Taxability Matrix: Tax Administration Practices

7.3 For each of the items listed below, indicate yes if the state classifies the item as an oral healthcare product for human use? If no indicate in the Comment column if the state classifies the item as grooming and hygiene products or tangible personal property.

Product	SSUTA Defined or State Defined Term	Statue/Rule Cite	Comment
7.3.a. Mouthwash			
7.3.b. Toothpaste			

State Taxability Matrix: Tax Administration Practices

If You Answered No, Describe the Difference Between the Practice as Adopted by the Governing Board and Your state's Treatment. Add Additional Comments if Desired.	Does Your State Follow this Practice?	Statute/Rule Cite	Comment
Disclosed Practice 8.1.d. - What is the State's Remote Seller Transactional Economic Nexus Threshold?			
Best Practice for 8.1.d. - States do not have a transactional economic nexus threshold.			
<p>8.1.d.i.</p> <p>The State's Remote Seller transactional economic nexus threshold is "200" (i.e., either "200 or more" or "more than 200") separate transactions. (What constitutes a "transaction" is explained in 8.1.e. and 8.1.f.)</p> <p>If "Yes" - Indicate in the comments if transactional threshold is: "200 or more transactions" or "More than 200 transactions".</p> <p>If "No" – Indicate in the Comment column the State's transactional economic nexus threshold and whether it is: "X transactions or more" or "More than X transactions"</p> <p>If the State does not have a transactional economic nexus threshold indicate "No Threshold" in the Comment column.</p>	Yes	Ark. Code Ann. 26-52-111	"exceeding . . . Two hundred (200) transactions"

Questions



Test Decks

Appendix E

Test decks are used for:

- Evaluating CSP applicants
- Quarterly regression testing of existing CSPS

Test Decks check:

- Tax Rules (Tax Matrix Library of Definitions)
- Sourcing (Tax Jurisdictions and Rates)
- Rounding (Tax Calculations)

- Changes in Taxability
- Rate Change
- Proper standardization of addresses

Testing Limitations: Sales Tax Holidays

Only states with Sales Tax Holiday can test these codes

20060	All Energy star qualified products. If only specific energy star qualified products or energy star qualified classifications, list those below. Cannot test 20060: lists specific items that are not same for all states.
20150	All Disaster Preparedness Supply
20160	Specific Disaster preparedness general supply
20170	Specific Disaster preparedness safety supply
20180	Specific Disaster preparedness food-related supply
20190	Specific Disaster preparedness fastening supply
20070	School supply
20080	School art supply
20090	School instructional material.
20100	School computer supply
20105	All WaterSense products. If only specific WaterSense products or specified WaterSense classifications on the WaterSense listing, list those below. Cannot test 20105: Lists specific items that are not same for all states.

Test Deck – Sample Listings

20230101	45	S00044001	MN	T							312 E COUNTRYSIDE AVE	LENNOX	SD	57039		30100	59.99
20230101	44	S00044001	ND	T							1101 N MCCORMICK ST	LENNOX	SD	57039		30100	69.99
20230101	150	S00044001	MN	T							200 E 10TH AVE	MITCHELL	SD	57301		51110	59.99
20230101	151	S00044001	MN	T							200 E 10TH AVE	MITCHELL	SD	57301		51120	59.99
20230101	152	S00044001	MN	T							200 E 10TH AVE	MITCHELL	SD	57301		51130	59.99
20230101	153	S00044001	MN	T							200 E 10TH AVE	MITCHELL	SD	57301		51140	59.99
20230101	154	S00044001	MN	T							200 E 10TH AVE	MITCHELL	SD	57301		51150	59.99
20230101	155	S00044001	MN	T							200 E 10TH AVE	MITCHELL	SD	57301		51160	59.99
20230101	49	S00044001	ND	T							212 DERYN ST	PIERRE	SD	57501		30100	59.99
20230101	50	S00044001	MN	T							1902 EASTGATE AVE	PIERRE	SD	57501		30100	1002.66
20230101	4	S00044001	WA	T							993 HAPPY VALLEY LN	RAPID CITY	SD	57701		30100	1002.66
20230101	3	S00044001	NE	E							825 ELGIN ST	RAPID CITY	SD	57701		30100	59.99
20230101	56	S00044001	WA	T							710 8TH ST	RAPID CITY	SD	57701		30100	69.99
20230101	2	S00044001	IA	T							5312 BLACK HILLS BLVD	RAPID CITY	SD	57701		30100	69.99

Test Deck Results – Sample Listing

312 E Countryside Ave	Lennox	SD	57039	2396		0Y	59.99	3.90	46	0.045	2.70	36380	0.02	1.20
1101 N McCormick St	Lennox	SD	57039	2399		0Y	69.99	4.55	46	0.045	3.15	36380	0.02	1.40
200 E 10th Ave	Mitchell	SD	57301	2015		0Y	59.99	3.90	46	0.045	2.70	43100	0.02	1.20
200 E 10th Ave	Mitchell	SD	57301	2015		0Y	59.99	3.90	46	0.045	2.70	43100	0.02	1.20
200 E 10th Ave	Mitchell	SD	57301	2015		0Y	59.99	3.90	46	0.045	2.70	43100	0.02	1.20
200 E 10th Ave	Mitchell	SD	57301	2015		0N	59.99	-	46	0.045	-	43100	0.02	-
200 E 10th Ave	Mitchell	SD	57301	2015		0Y	59.99	3.90	46	0.045	2.70	43100	0.02	1.20
200 E 10th Ave	Mitchell	SD	57301	2015		0Y	59.99	3.90	46	0.045	2.70	43100	0.02	1.20
212 Deryn St	Pierre	SD	57501	7422		0Y	59.99	3.90	46	0.045	2.70	49600	0.02	1.20
1902 Eastgate	Pierre	SD	57501	5685		0Y	1002.66	65.17	46	0.045	45.12	49600	0.02	20.05
993 Happy Valley Ln	Rapid City	SD	57701	7203		0Y	1002.66	45.12	46	0.045	45.12			
825 ELGIN ST	Rapid City	SD	57701			2N	59.99	-	46	0.045	-	52980	0.02	-
710 8th St	Rapid City	SD	57701	3609		0Y	69.99	4.55	46	0.045	3.15	52980	0.02	1.40
5312 Black Hills Blvd	Rapid City	SD	57701			2Y	69.99	4.55	46	0.045	3.15	52980	0.02	1.40

Reporting Errors: Change Controls

- States inform CSPs of errors using TC0001
- CSPs notify states of Errors in Rate and Boundary files and of Tax Rules using TC0005
- States need to keep track of Change Requests made by State or CSP as it can impact audit adjustments

TC0001

SST STATE CHANGE REQUEST FORM			
SST Form TC0001 (Revised 11/7/2023)			
Request Number:	<input type="text"/>	(SST Admin)	
Date Request Submitted:	<input type="text"/>		
Date Needed in Production:	<input type="text"/>		
Requested by:	State	<input type="text"/>	
	Name	<input type="text"/>	
	Email	<input type="text"/>	
Change to be made by:	CSP Name	<input type="text"/>	
	All CAS/CSPs	<input type="text"/>	
Reason for change:		Where was the Error found?	
Tax Rate - Sourcing Errors	<input type="text"/>	Quarterly Test Deck Results	<input type="text"/>
		Audit	<input type="text"/>
Taxability Errors	<input type="text"/>	CSP Online Site	<input type="text"/>
		Other Reason	<input type="text"/>
Tax Rules or Tax Law Changes	<input type="text"/>		
State Tax Rate Change	<input type="text"/>	Effective Date of State Rate Change:	<input type="text"/>

Change Description:

(SST Admin)

A large yellow rectangular area, likely a placeholder for a description or a redacted section of text.

Additional Documentation:

of files

A yellow rectangular input field with a red corner, likely for entering the number of files.

No

A yellow rectangular input field with a red corner, likely for entering a value or a date.

To be Completed by CSP/CAS

CSP/CAS:

Representative:

Resolution:

Date Ready to Test:

Date Moving to Production:

Date Moved to Production:

To Be Completed by Requesting State

Date:

Representative:

Status:

Failed













Reason for Failure:

Testing Document Attached:


Yes


No







Change Requests Kept in Sharefile

- Name ▲
- ☆  Arkansas Change Requests
- ☆  CSP Accurate Tax -to All States
- ☆  CSP Avalara -to All States
- ☆  CSP Exactor -to All States
- ☆  CSP Sovos -to All States
- ☆  CSP TaxCloud -FedTax -to All States
- ☆  CSP Taxify -to All States
- ☆  CSP Taxometry -to All States
- ☆  Georgia Change Requests
- ☆  Indiana Change Requests
- ☆  Iowa Change Requests
- ☆  Kansas Change Requests

Arkansas Change Requests

 [Items in this Folder](#)

 [People on this Folder](#)

- Name ▲
- ☆  AR -Accurate Tax AT 016
- ☆  AR -All CSPS
- ☆  AR -Avalara AV 013
- ☆  AR -Avior
- ☆  AR -Exactor EX 014
- ☆  AR -Sovos SO 011

TC0005

SST CSP/CAS CHANGE REQUEST FORM

(includes Tax Rule Requests)

SST Form TC0005 (Revised 10/11/2017)

Request Number:	CCSS99999 <i>(SST Admin)</i>	Response required by:	03/01/23 <i>(SST Admin)</i>
Date Requested:	02/01/23	Date Change Request is Closed by CSP:	
Date Needed In Production:		Date Change Request is Closed by TC: <small>(1st day of month no sooner than 60 days after date of last information request by the state.)</small>	<i>(SST Admin)</i>
Affected State:	ST		
Requested By:			
CSP/CAS:	CSP Name		
Contact Person:	CSP Contact Person		
Email:	Contact Email		
Reason For Change:			
Maintenance			
Tax Rules	<input checked="" type="checkbox"/>	List tax rules on Tax Rules workbook page.	
Rate or Boundary File Issues		List or copy issues to CSP Boundary-Rate Issues workbook page.	
Other			
Change Description:	Tax rules certificaion.		

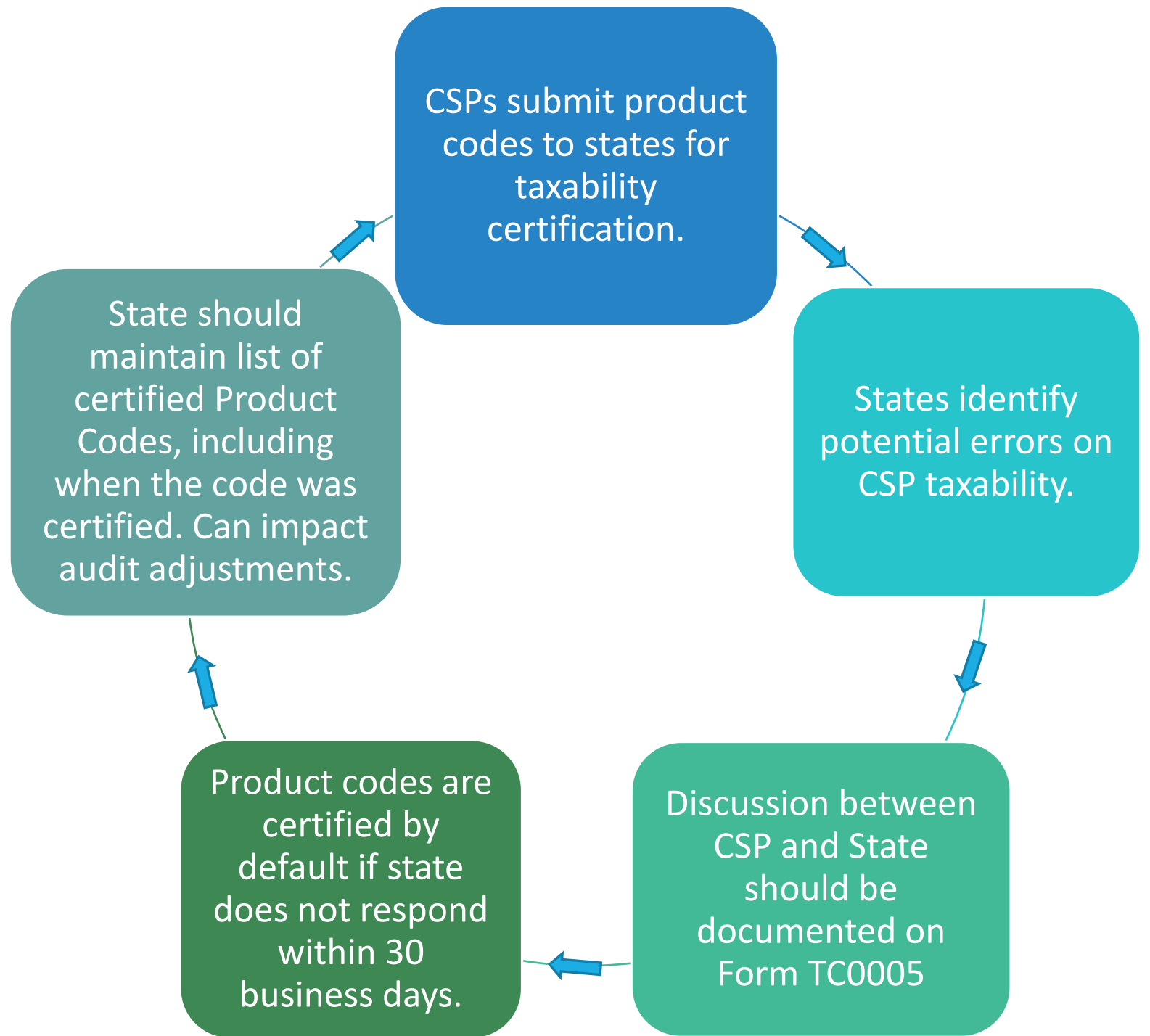
TC0005

Additional Documentation:						
YES (Number of Documents)	<input type="checkbox"/>	NO	<input checked="" type="checkbox"/>			
Is change ready to be tested by use of a test deck?						
YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>			
To Be Completed by Affected State						
Date responded:	<input type="text" value="2/15/2023"/>			Date Closed by State:	<input type="text" value="2/16/2023"/>	
Contact Person:	<input type="text" value="State person that reviewed"/>					
Tax Rules Approved:	YES	<input checked="" type="checkbox"/>	NO	<input type="checkbox"/>	PARTIAL	<input type="checkbox"/>
Testing Status:	Passed	<input type="checkbox"/>	Failed	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Reason For Failure:	<input type="text" value="See CSP Tax Rules page for explanations on specific tax rules."/>					
# of Test Documents Attached:	<input type="text"/>	None	<input type="text"/>			

TC0005 – Rule Request Sample

CSP Use									State Use			CSP Use
(D)	(E)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)	(U)	(V)	(W)
CSP Parent Product Category Number (Required)	CSP Parent Product Category Description (Be specific) (Required)	Category 4 Product Description (Optional)	Sales or Use Taxability (T or E) (Required)	Reduced rate applies, list the actual	any Cap or Threshold that applies, (% of sale or \$ amount)	State Law, Rule or Publication (Required)	CSP Additional Comments	New Rule or Update to Existing Rule (New or Update) (Required)	State Approved Yes/No (If No add date and explanation under State Comments column)	Date State Approved if Column T is Yes	State Comments (Include response date)	CSP Response (Include response date)
31000	Product transferred electronically		T			"RCW 82.04.192; 82.04.050(2)(g) & (8);		new rule	Yes	2/16/2023	The bulk of the description is not a product category. If include just the category (e.g. Products transferred electronically other than digital audio visual works, digital audio works, or digital books) this would generally be taxable at least for some items within category.	02/16/2023 updated product description
31065	Digital audio visual works sold to users other than the end		E			82.04.050(2)(g) & (8);		new rule	yes	2/15/2023	The sale must be to other than a consumer. Generally, the seller must have a reseller permit or	
31050	Digital audio visual works sold with rights of use less than		T			"RCW 82.04.192; 82.04.050(2)(g)		new rule	yes	2/15/2023		

Product Certification



Product Certification – Liability Relief

No Liability Relief if Product Category taxability was not certified.

For Certified Product Categories:

- If CSP taxes incorrectly (not as certified), no liability relief
- If State certified incorrectly, CSP has liability relief up to the 11th day after the state notifies the CSP of the error and change in taxability.
- If State law or taxation changes, the CSP has liability relief up to the 11th day after the state notifies the CSP of the change.

Expanded CSP Test Deck

CSPs should request certification of all product categories they use.

- Request is submitted by CSP using TC0005.

States can test all CSP product categories using the **Expanded CSP Test Deck**.

- Request list of all product categories from the CSP (last SST request was in 2018)
- Put into test deck format (using same address for all entries)
- Use the CSP Reference or product number to test
- Send to the CSP to run or use if the CSP's online system is available.
- Any errors are submitted to CSP using the State Change Form TC0001 through Testing Central

Example Expanded CSP Product Categories

Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SI060000	1000.01	Internet Access
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SI080000	1000.01	IT Monitoring Services
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SJ010000	1000.01	Janitorial
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SJ010100	1000.01	Janitorial-non residential
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SJ010300	1000.01	Janitorial-residential
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SL030300	1000.01	Linen services
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SM020200	1000.01	(optional) - associated with the sale of TPP
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SM020400	1000.01	(not optional) - associated with the sale of TPP
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SM050200	1000.01	Massage-performed by a unlicensed massage therapist
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SM060000	1000.01	Motorcycle / ATV
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SM060400	1000.01	Motorcycle / ATV-installation - associated with the sale of TPP
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SM060500	1000.01	Motorcycle / ATV-installation - not associated with the sale of TPP
Date	Inv #	SSTID	MN	T											24 E 10th Ave SW	ABERDEEN	SD	57401	3416	SM060700	1000.01	Motorcycle / ATV-repair

For help with test decks
contact:

jim.romano@sstgb.org

steve.krovitz@state.mn.us

Reminder

Appendix E contains instructions for preparing and using the test decks.

If you are not responsible for reviewing the test decks for your state or certifying tax rules, contact the responsible person to review what is done and to find out where your state keeps information on the certified rules and change requests.

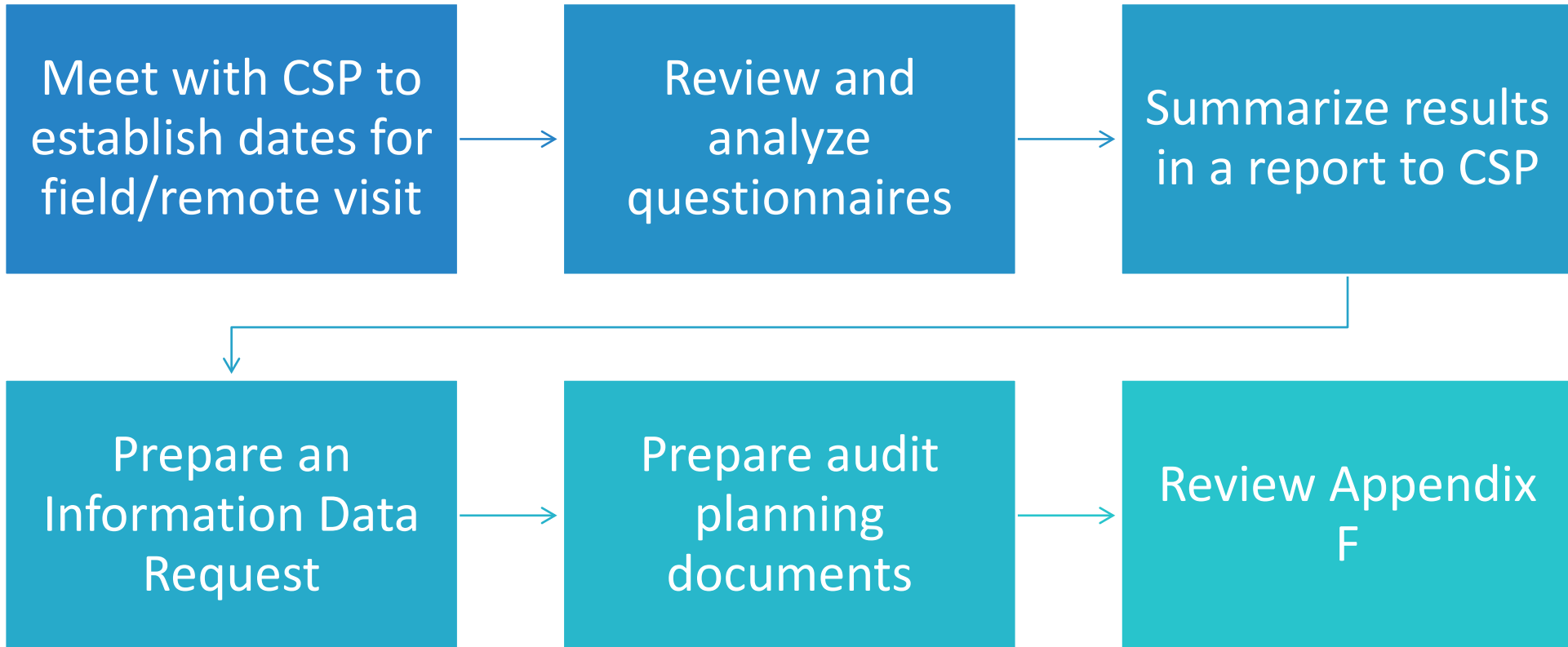


Audit Responsibilities

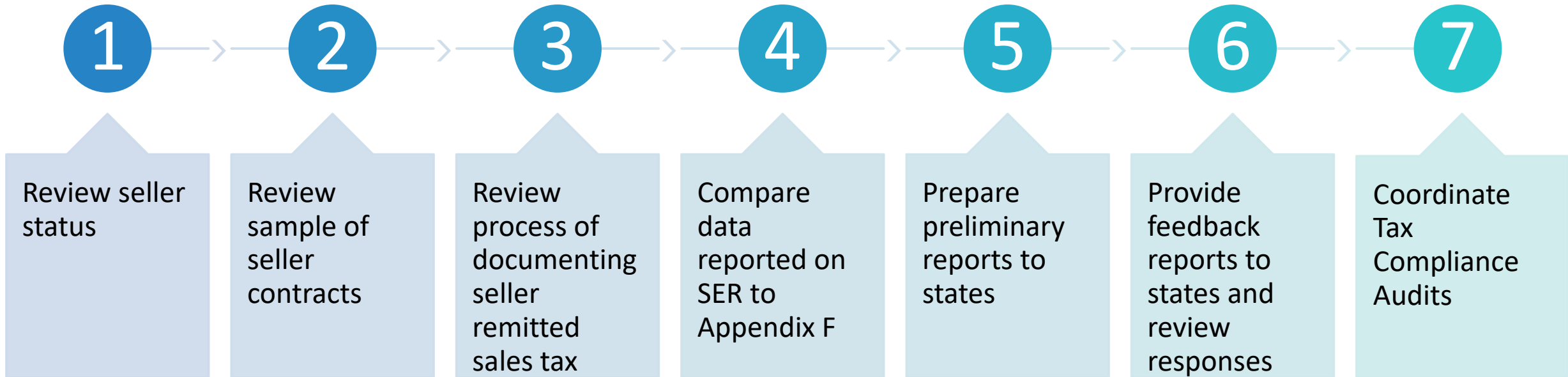
Core Team Responsibilities

- Responsible for the **Contract Compliance** portion of the Audit
 - Determine the CSP's level of compliance with the CSP contract
 - Review Appendix F (or approved summaries) at time of submission
 - Establish timelines in order to issue an Audit Report
 - Core Team
 - State Auditors
 - Send questionnaires to CSPs, States, and Executive Director
 - Complete field and/or remote visits
 - Prepare contract compliance audit reports for Executive Director

Core Team Procedures - Preaudit



Core Team Procedures - Audit



State Auditor Responsibilities and Procedures



State Auditor - Sample Audit Procedures

SEE “SAMPLE AUDIT PROCEDURES” TAB IN
BOOK

Pre-Audit – Appendix F Files

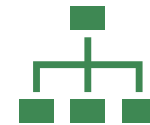


Appendix F Data

The SST Governing Board (SSTGB) requires data from all CSPs pertaining to the CSP Services provided to sellers under the CSP contract entered with the SSTGB.



Data requirements for Appendix F are spelled out in the agreement.



CSPs are only required to provide seller's data (compensation, audit, and control total files) for states in which the seller is a compensated seller under the CSP contract.

Interim Reviews

The Audit Core Team performs interim reviews of the CSP's annual Appendix F data files or summary files. An Interim Review Report is provided to each CSP.

The purpose of the interim review is to identify potential problem areas and help ensure that the Core Team and state have complete and properly formatted data at the beginning of their audits.

Summary Results of Interim Reviews for 2023 – 2024 – INFORMATION REDACTED

Appendix F Files

Files are provided in a comma delimited (.csv from CSP; .del from Core Team) format

- Can be converted to Excel
- Can be used with other software such as ACL, SQL, or IDEA
- Files are placed in the Core Team's ShareFile folder

Data within the file

- Only your state's data
- Only Model 1 sellers shipping into your state
- Contains up to 41 fields (39 are required)
- Audit File layout is Appendix F

Appendix F Files

- Consists of Audit (A) (or Audit Summary(S)), Compensation(C), and Control Total (T) files, and if required a Product Mapping File
- Due annually from CSPs on February 15th
- Placed in CSP's Core Team folder on SST ShareFile site
- Must be in format and layout as specified in Appendix F

File Names for Audit, Compensation & Control Total Appendix F Files

- First 3 characters represent the CSP:

REDACTED INFORMATION

File Names for Audit, Compensation & Control Total Appendix F Files

- Fourth and fifth characters represent the two-character abbreviation for the state
- Sixth character represents the data type:
 - C = Compensation
 - A = Audit
 - S = Audit Summary
 - T = Totals
- Seventh and eighth characters represent the year

File Names for Audit, Compensation & Control Total Appendix F Files

- Ninth character represents the version designator (V)
- Tenth through fifteenth characters represent the date uploaded to the centralized secure location in yymmdd format.

Requirements for Audit Files

Each state shall receive a file from each CSP of all taxable and exempt records in the format indicated for its state only unless the CSP has been approved to provide summary information



Fields 1 through 25 are required to be provided for all records



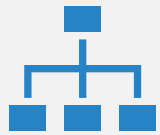
Fields 40 - 41 are optional fields as determined necessary by each CSP



If an exemption by certificate is claimed, the remaining fields are to be completed using information from the Certificate of Exemption

- While CSPs are required to have a system in place to compile exemption certificates they are not out of compliance if not all of the fields are populated since smaller sellers may only have the capability to enter the data elements as part of the transaction.

Requirements for Control Total Files



Each CSP will provide notification of control totals for each file distributed to every state, the Audit Core Team, Executive Director, and others to assure that the audit and compensation files contain the same data that produced the related Simplified Electronic Returns (SERs) and to verify that all records provided by each CSP are fully received by the intended parties



Summarized by each state

Data Elements for Control Totals for Each State

Total number
of line items

Sum of total
sales

Sum of total
taxable sales

Sum of total
exempt sales

Sum of total
tax

Appendix F File Layout

SEE “APPENDIX F” DOCUMENT

Field Information

The “seller’s description of the item sold” is the seller’s invoice level description. Freight and discounts should be separate transaction lines. (REMEMBER THIS WHEN WORKING WITH THE FILE – KEEP THINGS TOGETHER!)

**Field will contain address information as to where the item was shipped. If purchased over-the-counter the information will be the address where the item was sold.

Product Mapping File

- CSPs will provide a Product Mapping File (Report) when insufficient item sold information is passed from the seller to the CSP.
- The file will include the seller's identifying code of products sold, the seller's description of the products, the CSP SKU numbers to which the products were mapped and the CSP SKU description.

Mapping File Layout

SEE “APPENDIX F” DOCUMENT

Questions



POWER BI Training

- See Power BI Agenda and Power BI Instructions

Core Team Samples

Review Core Team Request and Processes Completed

Discuss Results of Samples Completed

Sample Steps followed by States

- Core Team set-up samples for each state to complete for 2023 and 2024
 - Verify SER's in state's system matched data contained in Appendix F
 - Verify correct tax collected on taxable transactions (product description and tax rate)
 - Verify product mapped to proper CSP certified code (product exemptions)
 - Verify exemption data elements completed (name, exemption reason and id number (if required))

Discussion of Results from States Sample

- Verify SER's in state's system matched data contained in Appendix F
 - SUMMARY OF RESULTS
 - CORE TEAM COMMENTS
- Verify correct tax collected on taxable transactions (product description and tax rate)
 - SUMMARY OF RESULTS
 - CORE TEAM COMMENTS
- Verify product mapped to proper CSP certified code (product exemptions)
 - SUMMARY OF RESULTS
 - CORE TEAM COMMENTS
- Verify exemption data elements completed (name, exemption reason and id number (if required))
 - SUMMARY OF RESULTS
 - CORE TEAM COMMENTS

Questions



Streamlined Sales Tax

EXEMPTION
ADMINISTRATION
AND
DROP SHIPMENTS

Objective

Use the learned knowledge of this training session to provide member state staff with guidance in understanding how to utilize the Streamlined Sales Tax Certificate of Exemption.

Exemption Administration

Enactment of Exemptions

- Product-based

- Use-based

- Entity-based

Use of Definitions

Exemption Certificate

Liability Relief

Sales for Resale/Drop Shipment

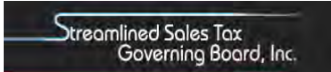
Streamlined Sales and Use Tax Exemption Certificate

- States adopting the SSUTA are required to administer sales tax exemption certificates in compliance with the provisions of SSUTA (i.e., § 317).
- Sellers that comply with the exemption certificate provisions of SSUTA are relieved of any liability for an otherwise taxable transaction.
- A purchaser remains liable for the tax on an erroneously claimed exemption (including any applicable penalties and interest).

Streamlined Sales and Use Tax Exemption Certificate

- Satisfy the seller's responsibility to sell a product without collecting tax from a purchaser and preventing the seller from subsequently being liable for the sales and use tax on that sale.
- Allows purchasers to claim an exemption from tax for the purchase of a taxable product and to accept responsibility for any subsequent tax liability on the purchase.
- Come in various forms and versions.

SSTGB Form F0003, SSUTA Exemption Certificate



Streamlined Sales Tax Certificate of Exemption

Do not send this form to the Streamlined Sales Tax Governing Board. Send the completed form to the seller and keep a copy for your records.

This is a multi-state form for use in the states listed. Not all states allow all exemptions listed on this form. The purchaser is responsible for ensuring it is eligible for the exemption in the state it is claiming the tax exemption from. Check with the state for exemption information and requirements. The purchaser is liable for any tax and interest, and possible civil and criminal penalties imposed by the state, if the purchaser is not eligible to claim this exemption.

1. Check if this certificate is for a single purchase. Enter the related invoice/purchase order # _____

2. **A. Purchaser's name** _____

B. Business address _____ **City** _____ **State** _____ **Country** _____ **Zip code** _____

C. Name of seller from whom you are purchasing, leasing or renting _____

D. Seller's address _____ **City** _____ **State** _____ **Country** _____ **Zip code** _____

3. **Purchaser's type of business.** Check the number that best describes your business.

<input type="checkbox"/> 01 Accommodation and food services	<input type="checkbox"/> 08 Real estate	<input type="checkbox"/> 15 Professional services
<input type="checkbox"/> 02 Agriculture, forestry, fishing, hunting	<input type="checkbox"/> 09 Rental and leasing	<input type="checkbox"/> 16 Education and health-care services
<input type="checkbox"/> 03 Construction	<input type="checkbox"/> 10 Retail trade	<input type="checkbox"/> 17 Nonprofit organization
<input type="checkbox"/> 04 Finance and insurance	<input type="checkbox"/> 11 Transportation and warehousing	<input type="checkbox"/> 18 Government
<input type="checkbox"/> 05 Information, publishing and communications	<input type="checkbox"/> 12 Utilities	<input type="checkbox"/> 19 Not a business
<input type="checkbox"/> 06 Manufacturing	<input type="checkbox"/> 13 Wholesale trade	<input type="checkbox"/> 20 Other (explain) _____
<input type="checkbox"/> 07 Mining	<input type="checkbox"/> 14 Business services	

4. **Reason for exemption.** Check the letter that identifies the reason for the exemption.

<input type="checkbox"/> A Federal government (Department) * _____	<input type="checkbox"/> H Agricultural Production *
<input type="checkbox"/> B State or local government (Name) * _____	<input type="checkbox"/> I Industrial production/manufacturing *
<input type="checkbox"/> C Tribal government (Name) * _____	<input type="checkbox"/> J Direct pay permit *
<input type="checkbox"/> D Foreign diplomat # _____	<input type="checkbox"/> K Direct Mail * _____
<input type="checkbox"/> E Charitable organization *	<input type="checkbox"/> L Other (Explain) _____
<input type="checkbox"/> F Religious organization *	<input type="checkbox"/> M Educational Organization *
<input type="checkbox"/> G Resale *	

* see Instructions on back (page 2)

5. **Identification (ID) number:** Enter the ID number as required in the instructions for each state in which you are claiming an exemption. If claiming multiple exemption reasons, enter the letters identifying each reason as listed in Section 4 for each state.

ID number	State/Country	Reason	ID number	State/Country	Reason
AR			NV		
GA			OH		
IA			OK		
IN			RI		
KS			SD		
KY			TN		
MI			UT		
MN			VT		
NC			WA		
ND			WI		
NE			WV		
NJ			WY		

6. **I declare that the information on this certificate is correct and complete to the best of my knowledge and belief.**

Signature of authorized purchaser _____ Print name _____ Title _____ Date _____

Streamlined Sales and Use Tax Exemption Certificate Instructions

Sections 1-6 are required information. A signature is not required if in electronic form.

Section 1: Check the box for a single purchase and enter the invoice number. If the box is not checked, this certificate is considered a blanket certificate and remains effective until cancelled by the purchaser if purchases are no more than 12 months apart, unless a longer period is allowed by a state.

Section 2: Enter the purchaser's and seller's name, street address, city, state, country and zip code.

Section 3 Type of Business: Check the number that best describes the purchaser's business or organization. If none of the categories apply, check 20 and provide a brief description.

Section 4 Reason for Exemption: Check the letter that identifies the reason for the exemption. If the exemption you are claiming is not listed, check "L Other" and provide a clear and concise explanation of the exemption claimed. Not all states allow all exemptions listed on this form. The purchaser must check with that state for exemption information and requirements.

Section 5 Identification ID Number:

Purchaser's Instructions:

Enter the ID number as required in the instructions below for each state in which you are claiming an exemption. Identify the state or if a foreign ID, the country the ID number is from. If multiple exemption reasons are being claimed enter the letters identifying the reasons for exemption as listed in Section 4 for each state.

ID Numbers for Exemptions other than resale: You are responsible for ensuring that you are eligible for the exemption in the state you are claiming the tax exemption. Provide the ID number to claim exemption from sales tax that is required by the taxing state. Check with that state to determine your exemption requirements and status.

Foreign diplomats and consular personnel must enter their individual tax identification number shown on their sales tax exemption card issued by the United States Department of State's Office of Foreign Missions.

ID Numbers for Resale Purchases (Including Drop Shipments): If you are claiming a purchase is not subject to tax because it is for resale (Exemption Reason G.) and you are:

- Required to be registered in the state you are claiming the tax exemption:** Provide your sales tax ID number issued by that state. If claiming exemption in OH and registration is not required in the state, enter any tax ID number issued by OH. If claiming exemption in MI and registration is not required in the state, enter "Not Required".
- Not registered in the state you are claiming the tax exemption:** Provide your sales tax ID number issued by any state.
- Not required to register for sales tax and you do not have a sales tax identification number from any state:** Enter -Your FEIN.
-If you do not have a FEIN, enter a different state-issued business ID number.
-If you do not have any state-issued business ID number or FEIN, enter your state driver's license number.
- A foreign purchaser and you do not have an ID number described in 1, 2 or 3:** The following states will accept the tax ID number (e.g., VAT number) issued by your country: AR, IN, KS, KY, ND, NJ, OK, RI, SD, TN, UT, WA, WY. All other states require an ID number as listed in 1, 2 or 3.

If you do not have any of the ID numbers listed in 1 thru 4: You are not required to list an ID number for the following states: NE, OH, SD, WI. Enter "Not Required" and the reason for exemption for that state. All other states require an ID number.

Seller's Instructions

The seller is not required to verify the purchaser's ID number or determine the purchaser's registration requirements. (GA requires the seller verify the purchaser's ID number.) The seller is required to maintain proper records of exempt transactions and provide those records to the state when requested in the form in which it is maintained. These certificates may be provided in paper or electronic format.

The seller is not liable for any tax, interest, or penalty if the purchaser improperly claims an exemption or provides incorrect information on the certificate, provided all the following conditions are met:

- The fully completed exemption certificate is provided to the seller at the time of sale or within 90 days subsequent to the date of sale;
- The seller did not fraudulently fail to collect the tax due; and
- The seller did not solicit customers to unlawfully claim an exemption.

Note: A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entity-based exemption.

Drop Shipper Instructions: The drop shipper may accept an ID number to claim the resale exemption as provided above in the Purchaser's Instructions. The ID number may include an ID number issued by another state. This may result in the same ID number being used for multiple states to claim the resale exemption (e.g., a retailer or marketplace seller may only be required to register for sales tax in one state).

Other Exemption Forms

- State issued exemption certificate/permit

- Previous versions of state exemption forms
- Letter of Exemption issued by some states
- Multijurisdictional Uniform Sales & Use Tax Certificate – issued by the Multistate Tax Commission (if accepted by the state)
- Other documentation acceptable to the state.

Exemption Certificate Requirements

- A seller must collect the information required by Sec. 317 of the SSUTA and Rules 317, 317.1 & 317.2.
- Exemption certificates can be in paper or electronic form.
- Regardless of the type of certificate, Streamlined or state issued, the seller has “fully complete” exemption certificate if it contains the required standard data elements.

Exemption Certificate Requirements

What information is required for an “Exemption Certificate” to be “fully completed?”

Required Data Elements *(all are required)*:

- Purchaser’s name and address;
- Type of business (*see* Rule 317.1.A.2 for specific business types);
- Reason(s) for exemption (*see* Rule 317.1.A.4 for exemption types);
- ID number required by the state where the sale is sourced; and
- If paper is used, signature of the purchaser.

Note: The seller’s name and address are not required and should not be considered when determining if certificate is fully complete. A Seller’s Legal Name or DBA is acceptable.

Note: A seller that enters data elements from paper into an electronic format is not required to retain the paper certificate.

Exemption Certificate Requirements

- The purchaser's identification number can be required by a state **however**; *a seller is not required to verify the identification number.*

- A state may allow direct pay permits, exemption certificates, or another means as proof of exemption when it does not burden sellers.
- A state shall allow all sellers to accept the Streamlined exemption certificate.
- Each state is required to post the form on the state revenue agency's website.
 - The state's posted Streamlined exemption certificate shall gray out any entity-based exemptions that are not applicable.

Resale Exemption – Purchaser ID

1. Required to be registered in the state you are claiming the tax exemption: Provide your sales tax ID # issued by that state.
2. Not registered in the state you are claiming exemption: Provide sales tax ID # issued by any state.
3. Not required to register for sales tax & do not have a sales tax ID # from any state: FEIN or State-issued business ID or Driver's License number.
4. A foreign purchaser & no ID number described in 1, 2 or 3
 - ID # issued by your country: AR, IN, KS, KY, ND, OK, RI, SD, TN, UT, WA, WY
 - Any other state required ID # listed in 1, 2, or 3.

No ID #'s listed in 1 thru 4: No # required in NE, OH, SD, WI. List “Not Required” and reason for exemption. All other state require an ID #.

Purchaser Identification Number Requirements (Other than Resale)

A purchaser is responsible for ensuring that they are eligible for the exemption in the state they are claiming the tax exemption.

A purchaser should provide the ID number to claim exemption from sales tax that is required by the taxing state. A purchaser should check with that state to determine the exemption requirements and status.

Foreign diplomats and consular personnel must enter their individual tax identification number shown on their sales tax exemption card issued by the United States Department of State's Office of Foreign Missions.

See Tax Administration Practice 9

Purchaser's Type of Business Requirements

A description of the purchaser's type of business or organization using the business type code defined in Rule 317.1(A)(2) on the exemption certificate, and

The reason for exemption using the reason code defined in Rule 317.1(A)(4) on the exemption certificate, subject to each state's availability of the claimed exemption.



Fully Completed Exemption Certificates

The “fully completed” requirement applies when received:

- On the date of the sale, or
- Within 90 days after the date of the sale.

Note: The seller's name and address are not required and should not be considered when determining if certificate is fully complete.

Can an Otherwise Complete Exemption Certificate Still be Invalid?

Yes, a member state is not required to accept an otherwise complete exemption certificate if the seller:

1. Fraudulently fails to collect the tax, or
2. Solicits purchasers to participate in the unlawful claim of an exemption, or
3. A seller may not accept a certificate of exemption for an entity-based exemption on a sale made at a location operated by the seller within the designated state if the state does not allow such an entity-based exemption.

SSUTA Section 317.B.

Invalid Exemption Certificates that are Fully Completed

Absent of fraud on the seller's part, if the purchaser provides a fully completed exemption certificate to the seller within 90 days of the sale, the state auditor must accept the certificate.

If the state auditor believes the exemption claimed is invalid, the auditor should obtain as much information as possible about the transaction and follow applicable procedures for possible assessment against the purchaser.

SSUTA Section 317.C.

Incomplete and Missing Exemption Certificates

States may require the seller to obtain completed certificates (or other acceptable documentation) to replace incomplete certificates.

If no certificate is on file, the sale is treated as taxable in accordance with state law.



120-Day Rule

Seller has 120 days to provide proof of the exemption once a request has been made by a state. The seller must provide:

- A fully completed exemption certificate **taken in good faith** from the purchaser, or
- other information acceptable to the state.

SSUTA Sec 317.D.

120-Day Rule

The 120-day rule starts after a request for substantiation by a member state of missing or incomplete certificates.

A general notice of intention to conduct an audit on a seller's exempt sales is not sufficient to trigger the start of the "120-day" period.

Good Faith Standards

“**Good faith**” means that the exemption claimed on an exemption certificate must be:

- statutorily available on the date of the transaction in the jurisdiction where the transaction is sourced,
- applicable to the item being purchased, and
- reasonable for the purchaser’s type of business.

SSUTA Sec 317.D.

Good Faith Standards

Member states may use the “good faith” standard when reviewing exemption information received from the seller after the seller was notified of the “120-day” period to obtain missing or incomplete certificates.

The “good faith” standards do not apply when reviewing fully completed exemption certificates received at the time of sale or within 90-days from the date of sale.

Application of the “good faith” standard to exemption certificates received after the 90-day period from the date of sale is based on state policy, procedure, or law.

SSUTA Sec 317.D.

Blanket Exemption Certificate

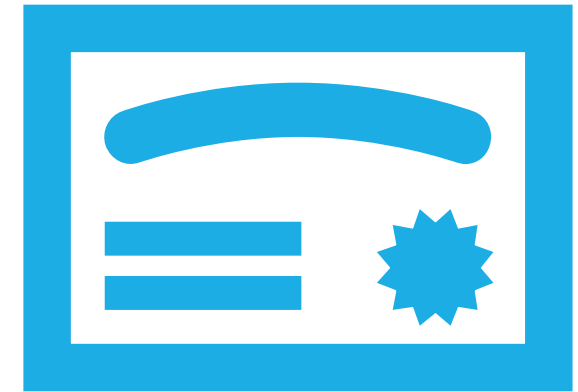
Member states are required to allow blanket exemption certificates for all exemption purposes.

Member states may require purchasers to update exemption certificate information or to reapply with the member state to claim certain exemptions.

Member states may not request sellers to provide renewal of blanket certificates or updates of exemption certificate information or data elements when there is a recurring business relationship between the purchaser and the seller.

A recurring business relationship exists when a period of no more than twelve months elapses between sales transactions.

SSUTA Sec 317.F.



Drop Shipment Rule

States must allow a third-party vendor (e.g., drop shipper) to claim a resale exemption based on an exemption certificate provided by its customer/re-seller, or any other acceptable information available to the third-party vendor, showing the sale qualifies for a resale exemption.

The exemption is allowed to the third-party vendor regardless of whether the customer/re-seller is registered to collect and remit sales and use tax in the state.

SSUTA Sec. 317.A.8.

SST Website

For Businesses ▾ For State

Sales Tax Registration >

Remote Sellers >

Free Sales Tax Services?

Amnesty

Exemptions - Certificates

Filing Sales Tax Returns

Rate and Boundary Files >

State-Certificate of Compliance

State-Taxability Matrix

Sales Tax Holidays

SST Technology

State Information

Home > Exemptions

- [Streamlined Exemption Certificate Form](#)
- [Streamlined Exemption Certificate Instructions](#)
- [Exemption Certificate Administration Training PowerPoint](#)

Streamlined States

Full Member States

Click on state for state specific information

- Arkansas
- Georgia
- Indiana
- Iowa
- Kansas
- Kentucky
- Michigan
- Minnesota
- Nebraska
- Nevada
- New Jersey
- North Carolina
- North Dakota

Exemptions

For information on a specific state's exemptions or exempt entities, please [contact that state](#).

Exemption Certificates

Do not send exemption certificates to the Streamlined Sales Tax Governing Board or to the states. Purchasers should provide the completed exemption certificate to their supplier and keep a copy for their records.

Does your vendor deliver products you sold directly to your customers?

If yes, review the section below on Drop Shipments for the documentation you need to provide.

You do not need to be registered through the Streamlined Sales Tax Registration System to use the Streamlined Exemption Certificate.

If your company is registered through the Streamlined Registration system, some states may accept your company's SSTID when purchasing items for resale. [Contact the state](#) or download and review the [Exemption Certificate Streamlined Member State Survey Results](#) to determine if the state will accept your SSTID on the Exemption Certificate.

Do I need to obtain and maintain paper copies of exemption certificates from my customers?

You are required to either keep a fully completed exemption certificate or capture and keep the standard data elements from the certificate in electronic form. (SSTGB Rule 317.1.A.10)

Drop Shipments

A "Drop ship" occurs when a seller sells a product, then purchases the item from a third party and has the third party ship the product directly to the seller's customer. The third-party supplier is referred to as a drop shipper.

This explains how Streamlined Full Member States tax drop shipments of tangible personal property that is sourced to a Streamlined Full Member State. Seller's that have products drop shipped into other states should



References and Resources

- SSUTA Section 317 – Administration of Exemptions
- Rule 317.1 – Simplified Administration Process
- [SSUTA Library](#)
- SSUTA [Form F0003](#) – Certificate of Exemption and Instructions
- Uniform Sales & Use Tax Certificate – Multijurisdiction
www.mtc.gov (Select [resources](#) and [forms](#))
- Your State's laws and regulations

Handling Exemption Certificates in an Audit

If an exemption certificate is subject to “good faith standards,” an auditor can examine the validity of the certificate (or other documentation retained by a seller).

A certificate (or other documentation) can be considered invalid if:

- Not completed (still complete if all SSUTA Exemption Certificate information on the form is provided);
- Exemption claimed does not exist; or
- Not reasonable for the seller to believe that the purchaser is entitled to the exemption.

Relief from Tax Liability

Member states must provide sellers relief from tax liability for an exempt transaction if the seller provides a fully completed exemption certificate received at the time of sale, or within 90 days of the sale, or other documentation.

If the certificate is received more than 90 days after the sale, a state may consider the certificate but apply a good faith standard. If a state does not accept this certificate, a seller shall have 120 days to obtain a new certificate.

Relief from Tax Liability

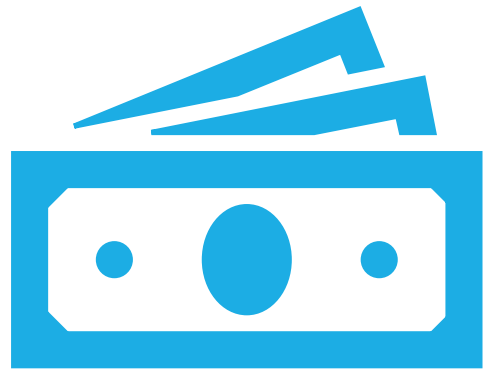
The seller is relieved of any tax liability for an exempt transaction if it provides the exemption certificate or acceptable exemption information within 120 days of the notice by the State. This period is the minimum time a state must provide for a seller to obtain complete exemption information. A state may provide sellers with more than 120-days.

Exception: Liability is not relieved even if received within 120 days of notice if:

- the seller had knowledge or had reason to know that the information provided was materially false,
- the seller knowingly participated in activity intended to purposefully evade the tax, or
- the certificate is not accepted in good faith.

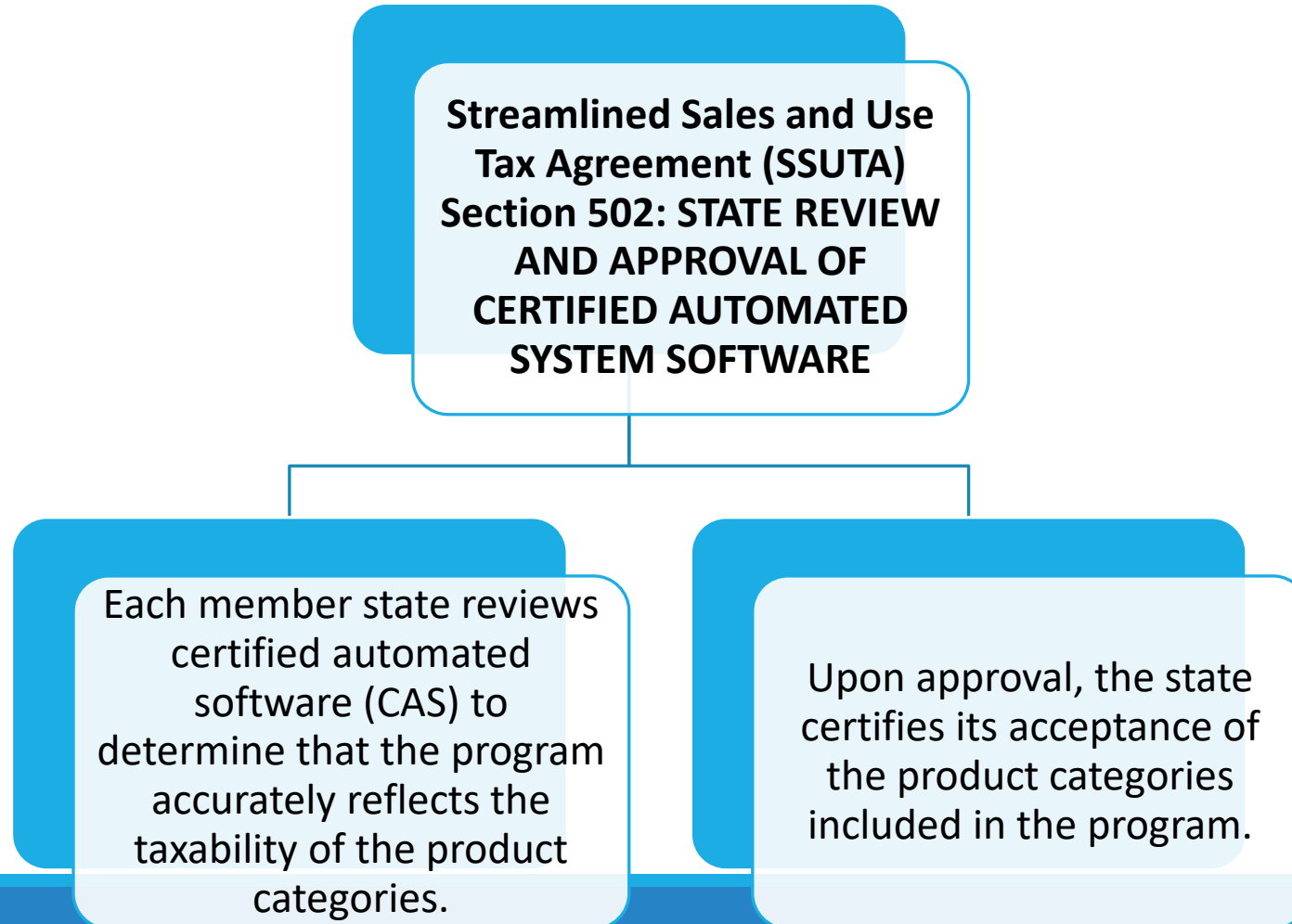
Questions





Liability Relief to Sellers

Liability Relief



Liability Relief

Streamlined Sales and Use Tax Agreement (SSUTA) Section 502: STATE REVIEW AND APPROVAL OF CERTIFIED AUTOMATED SYSTEM SOFTWARE

- State shall relieve CSPs and Model 2 Sellers from tax liability resulting from the CSP or Model 2 Seller relying on a pre-certified CAS.
- 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.

Liability Relief

Streamlined Sales and Use Tax Agreement (SSUTA) Section 502: STATE REVIEW AND APPROVAL OF CERTIFIED AUTOMATED SYSTEM SOFTWARE

- If you determine that an item or transaction is incorrectly classified, notify the CSP or Model 2 Seller.
- The CSP or Model 2 Seller has ten days to revise the classification.
- The 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 after 10 days.

Questions



Audit Timelines

Core Team will conduct a Contract Compliance Audit on each CSP for the period of 01/01/2023 – 12/31/2025. Rule 806.3.1 (C) - Authority and Rule 806.3.2(D) - Audit Core Team

Member/Associate Member State Tax Compliance Audits of the CSP's Sellers will be conducted based upon each individual state's statute of limitations; but would not be for a period before or after the Contract Compliance audit period listed above

Audit Timelines



Core Team Audit Timeline is for conducting CSP Contract Compliance Audits.



State Auditor Audit Timeline is for conducting CSP Tax Compliance Audits.



Important to adhere to the established timelines.

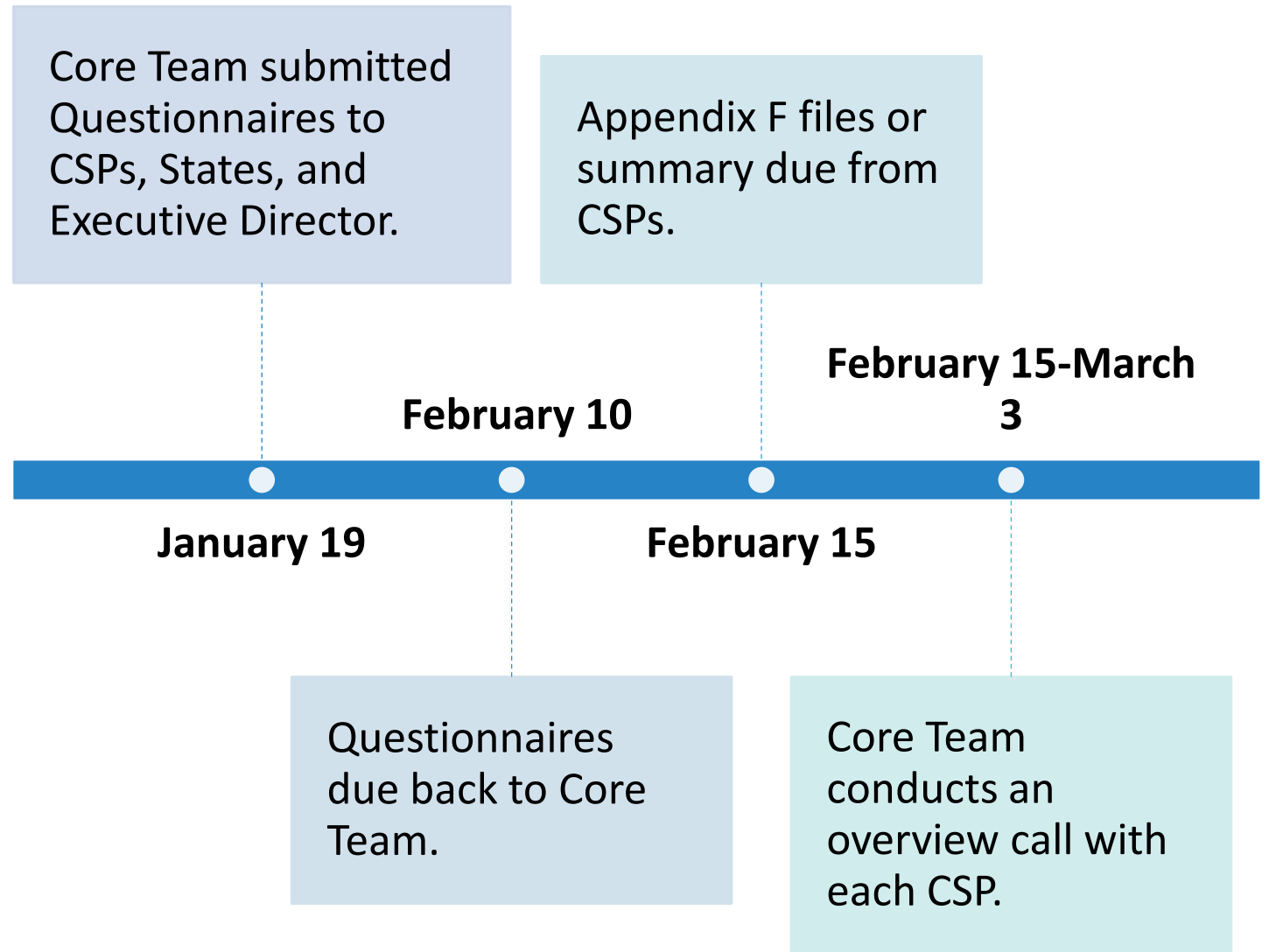


Already know which periods are being audited.

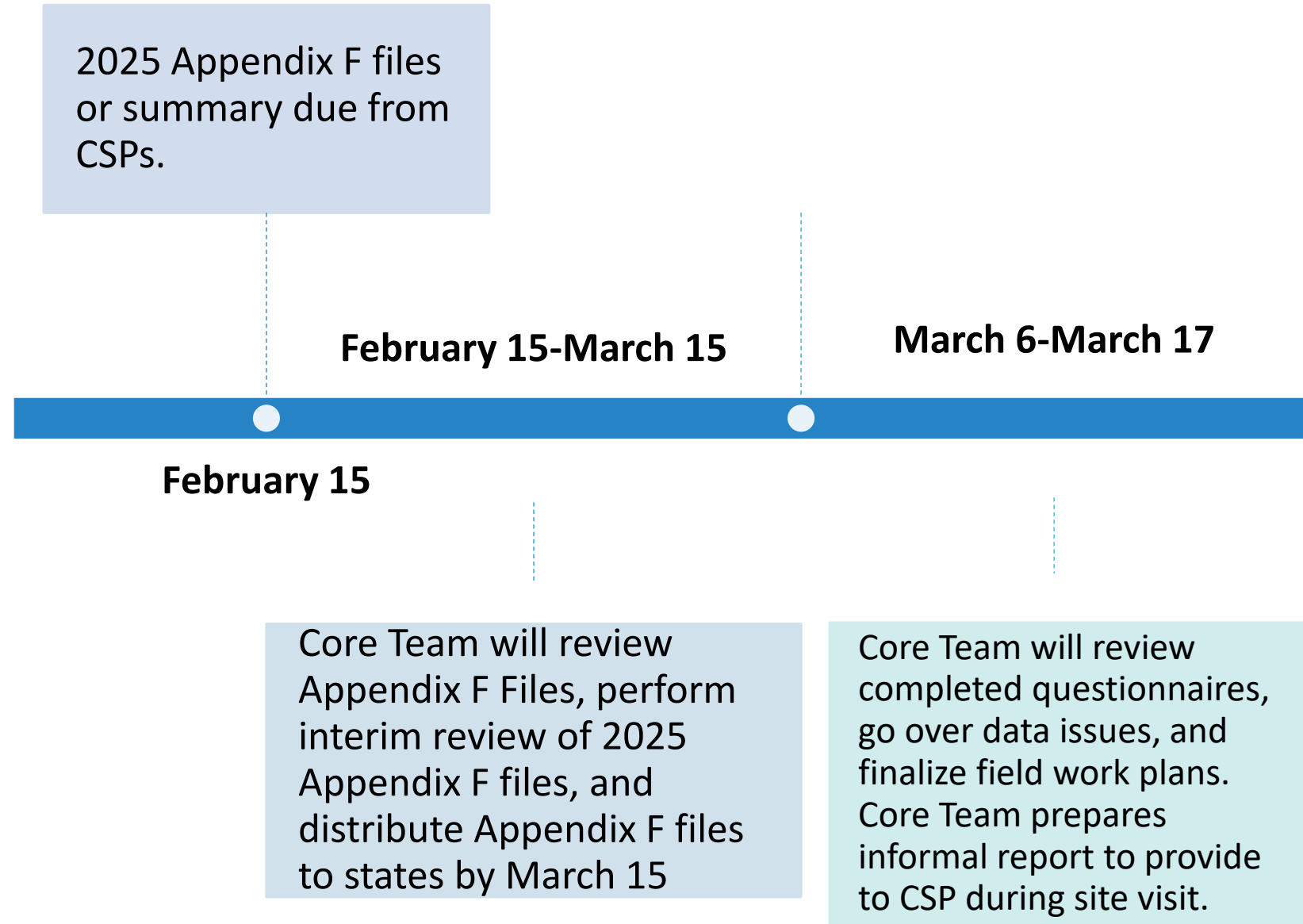


Be respectful of timelines – interest is accumulating on tax liabilities.

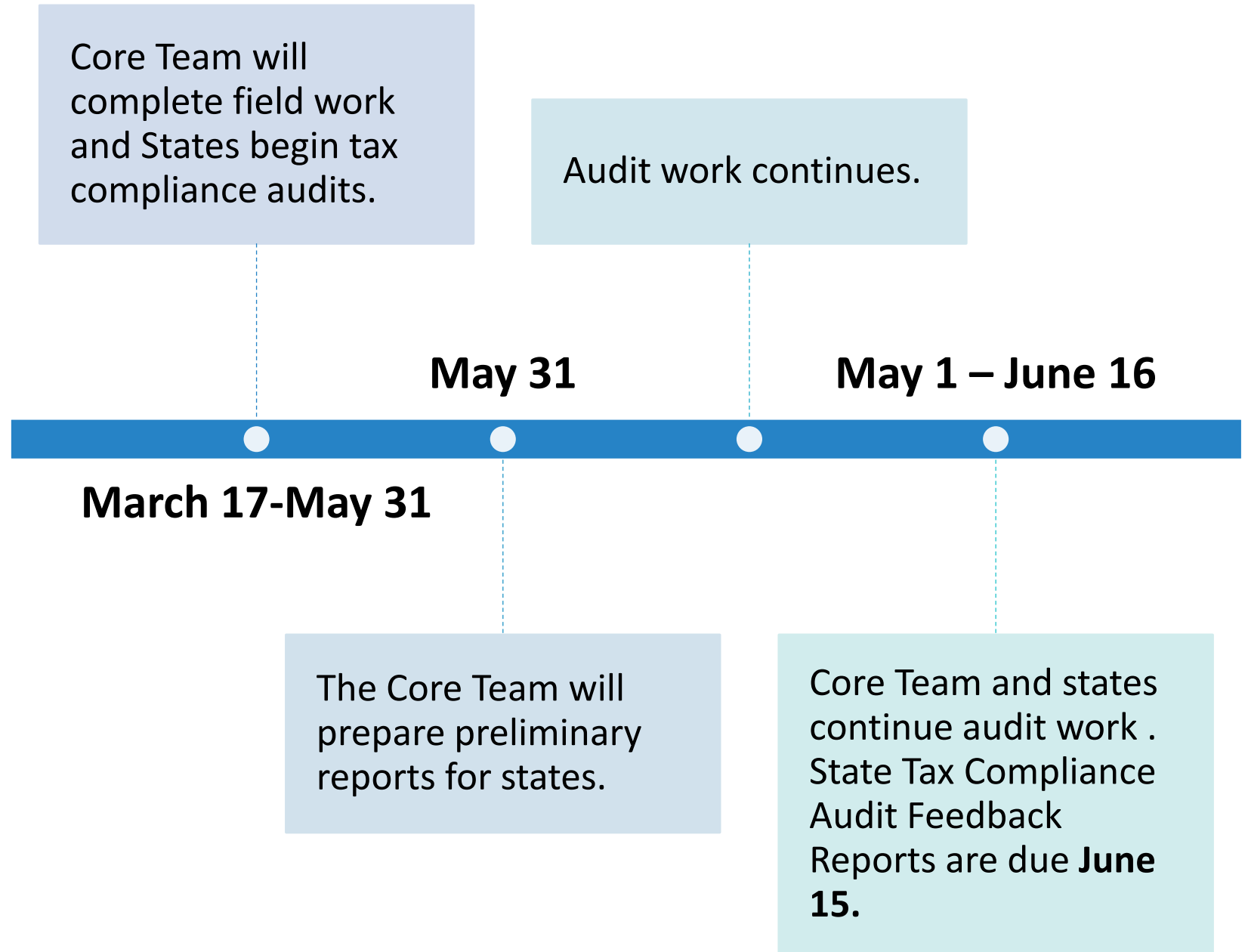
Important Dates 2026 Timeline



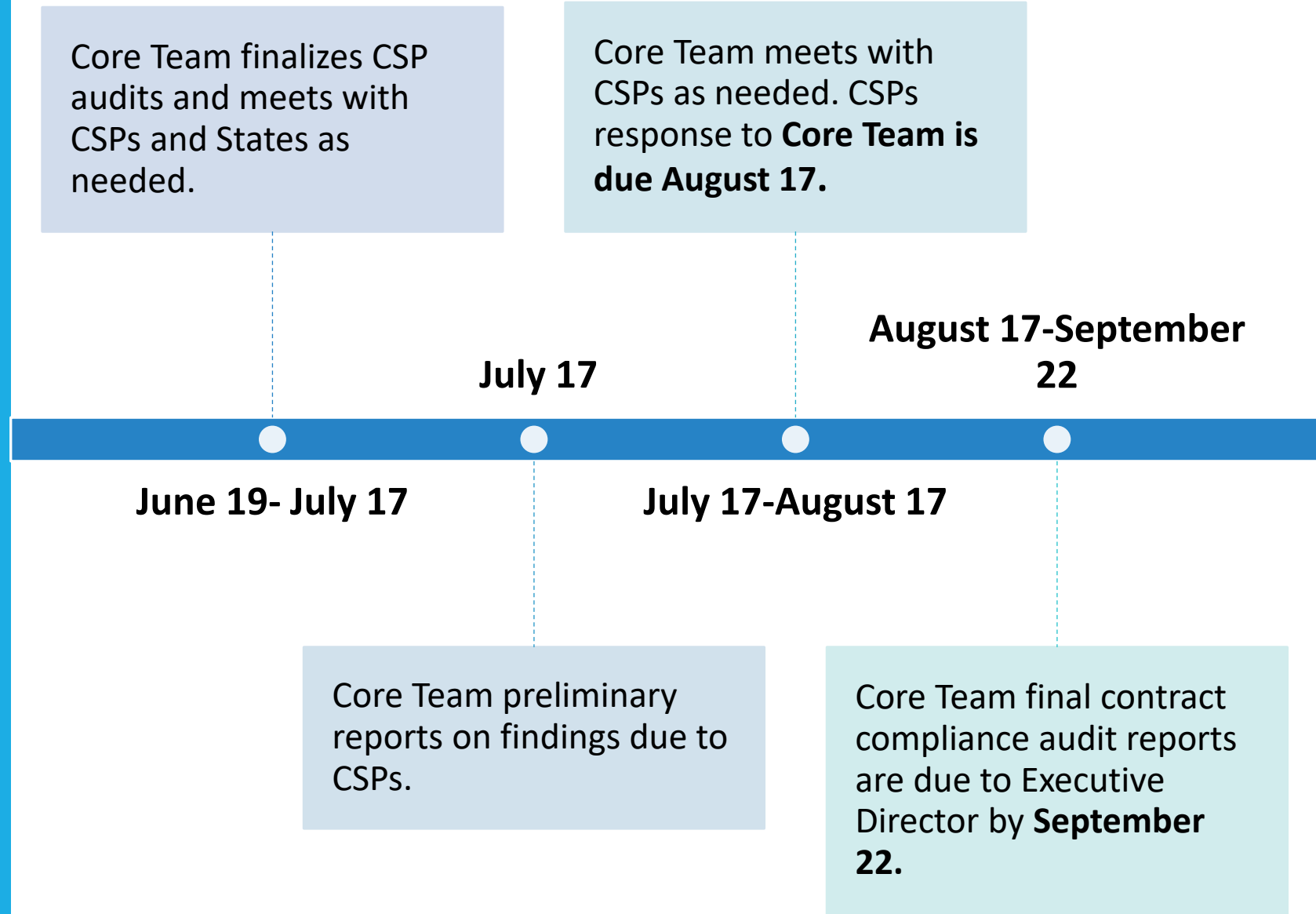
Important Dates 2026 Timeline



Important Dates 2026 Timeline



Important Dates 2026 Timeline





Audit – Helpful Information

Things to Keep in Mind

Remember you are auditing the CSP not the seller. The seller is relieved of any liability under the following circumstances as outlined in the Streamlined Sales and Use Tax Agreement (SSUTA):

- Sec 304 – Each member state failing to provide at least 30 days between the enactment of the statute providing for a rate change & the effective date of such rate shall relieve the seller of liability for failing to collect the tax at the new rate if:
 - The seller collected the tax at the immediately preceding effective rate and the seller's failure to collect at the newly effective rate does not extend beyond 30 days after the enactment of the new rate.

Things to Keep in Mind



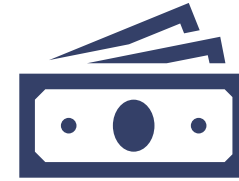
Sec 306 of the SSUTA:

Incorrect tax charged as a result of a member state supplying “bad information as to the rates, boundaries, or taxing jurisdictions” assignments.



Sec 317 of the SSUTA:

If the seller has ongoing business with purchaser for over year and has been presented a blanket exemption certificate with all appropriate data elements.



Sec 328 of the SSUTA:

If seller has charged and collected the incorrect amount of sales or use tax resulting from the seller or CSP relying on the erroneous data provided by the member state in the taxability matrix.

Things to Keep in Mind

State auditor's roles and responsibilities are to handle their state's portion of the audit and are responsible to ensure conformance to the audit plan and timeline, according to their state's audit policies and procedures. Member state auditors are responsible for reviewing Model 1 seller's transactions to determine if they were taxed correctly.

Follow the Who, What, Where, When document which interprets the responsibilities of both the Core Team and the Member State Auditors as set out by the SST Audit Rule.



Things to Keep in Mind

- The Audit Committee has established guidelines to be used as a reference tool when conducting audits of Model 1 seller transactions processed by a CSP. The CSP is liable for any additional tax as a result of the audit.
- The tax compliance audit is to determine if transactions were properly taxed and that the tax is reported and remitted to the correct jurisdiction when due.
- The tax compliance audits are performed by the Member states under the coordination of the Core Team.

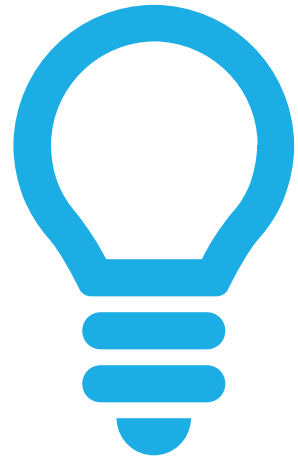


Things to Keep in Mind

- Demonstrate looking at all lines of an invoice to answer questions before sending single line items questions to CSP.
- Reminder – SSTID counts as a state ID.
- When providing Appendix F data file to the CSP – hide but DO NOT DELETE any data or field before sending to the CSP.
- Each line of Appendix F is not an individual sale but a transaction line item.
- There could be valid reasons for 0.00 sale amount within the data.

Things You May Want to Do

- Maintain a list of sellers.
 - If you have maintained a list of sellers from prior audits or if your state can easily find sellers by CSP, make sure your data has all the sellers. Sometimes in this process, you discover that a seller may have switched from one CSP to another.
- Create a list of purchasers where known issues were discovered with exemption certificates. This list may be used in audit selection and/or assessments sent directly to the purchaser.

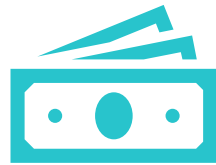


Other Helpful Tips

Other Helpful Tips



Make sure you are aware of any changes to your state's taxability matrix during the audit period.



Make sure you are also aware of any changes in your local tax rates during the period.



Make sure you are aware of any rates and boundaries changes during the audit period.



Follow the timelines laid out by the Core Team.

Other Helpful Tips

If you want to see an invoice, make sure that it is something that is material

Don't be afraid to ask questions

Statutes for some states may expire quickly, keep that in mind as you complete your audit.

State Tax Compliance Audit Feedback Report

STATE: _____

Report Contact (Name, Title, E-Mail, Phone Number): _____

Date Completed: _____



Please indicate the following for all Model 1 Sellers Registered with your State for the period of January 1, 2017 to December 31, 2019

MAIN PAGE

Tax Compliance Audit of CSPs for Model 1 Sellers

CSP	Number of Volunteer Sellers Registered and actually remitting tax to your State	How Many Sellers Did your State elect to audit?	Errors found? If yes, COMPLETE AN AUDIT REPORT PAGE

Open Discussion/Questions





Closing Comments



Contact Information

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David Kolb, Chair

Indiana Department of Revenue

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