Motion by Minnesota to amend Appendix E to select a Best Practice under Disclosed Practice 8.1.d.

Appendix E

Library of Tax Administration Practices

Tax administration practices are made up of two types of practices - "disclosed practices" and "best practices."

A "disclosed practice" is a tax administration practice that the Governing Board selects and requires each member state to disclose. Member states are only required to disclose their practice for each disclosed practice. A member state will not be found out of compliance with the Agreement if it does not follow a particular tax administration practice.

The Governing Board may identify select disclosed practices as a best practice. A "disclosed practice" that has been selected as a "best practice," will include a notation at the beginning of the tax administration practice indicating that it has been selected as a "best practice." Member states are encouraged, but not required, to follow each best practice. A member state will not be found out of compliance with the Agreement because the effect of the state's laws, rules, regulations, and policies does not follow a best practice.

To the extent possible under each state's laws, sellers and CSPs are relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax resulting from the seller or CSP relying on erroneous data provided by the member state relative to the tax administration practices.

To the extent possible under each state's laws, sellers and CSPs are also relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax until the first day of the calendar month that is at least 30 days after notice of a change to the state's "Taxability Matrix: Tax Administration Practice" is submitted to the governing board, provided the seller or CSP relied on the prior version of the taxability matrix.

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Disclosed Practice 8.1.d. - What is the State's Remote Seller *Transactional* Economic Nexus Threshold?

Explanation: The SCOTUS indicated in *Wayfair* that South Dakota's law "…affords small merchants a reasonable degree of protections. **The law at issue requires a merchant to collect the tax only if it does a considerable amount of business of in the State**; the law is not retroactive; and South Dakota is a party to the Streamlined Sales and Use Tax Agreement…" In addition to monetary thresholds, some States have also established transactional thresholds.

8.1.d.i. Remote Seller Transactional Economic Nexus Threshold

Best Practice: States do not have a transactional economic nexus threshold.

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.f.)

- If "Yes" – The State will indicate in the Comment column if the transactional economic nexus threshold is**:**
  - "200 or more transactions" or
  - "More than 200 transactions".

- If "No" – The State will 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".

- If the State does not have a transactional economic nexus threshold the State will indicate "No Threshold".

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