

THE BEST AND WORST OF STATE SALES TAX SYSTEMS

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EXECUTIVE SUMMARY

COST's 2022 Sales Tax Scorecard, *"The Best and Worst of State Sales Tax Systems; COST Scorecard on Sales Tax Simplification, Uniformity & Exemption of Business Inputs,"* focuses on specific sales tax administration issues.² All but five states impose sales taxes,³ which in fiscal year 2021 raised over \$466.9 billion in tax revenue for those states (and their localities). This figure represents 21.4 percent of the states' total tax collections.⁴ The goal of this Scorecard is similar to other scorecards issued by COST: to encourage the states' tax policy makers, primarily legislators, to improve their tax administrative practices and therefore ultimately decrease compliance burdens.⁵ In our experience taxpayers are more willing to comply with a tax system they perceive to be balanced, fair, and effective. Sales tax administrative systems that violate basic principles of fairness and efficiency make compliance for sellers and purchasers more difficult and hinder states' efforts to modernize their sales tax systems and facilitate remote seller collection authority.

"The goal of this Scorecard is similar to other scorecards issued by COST ... to improve their tax administrative practices and therefore ultimately decrease compliance burdens."

This Scorecard objectively evaluates state statutes and rules that govern state and local tax departments' administration of their sales taxes. Importantly, we do not evaluate differences in tax rates and the breadth of the tax base (other than taxing business inputs). We also exclude from this Scorecard other important fairness issues such as even-handed statutes of limitations and interest rates that are already addressed in COST's Administrative Scorecard to avoid duplicative scoring of state administrative practices.⁶ This Scorecard evaluates state sales taxes on their effectiveness in exempting business inputs, and on implementing uniform, fair, and centralized administration of their sales taxes. To accomplish

these purposes, we divided the Scorecard into the following categories:

- Exemptions for business inputs;
- Taxation of software and digital products;
- Sales tax simplification and uniformity;
- Centralized sales tax administration;
- Fair sales tax processes;
- Reasonable tax payment/credit administration; and
- Fair audit and refund procedures.

As in other COST scorecards, we also include an "Other Issues" category to capture adverse sales tax administrative practices not directly or sufficiently covered in the above-listed seven categories.

The Following are the Top-Ranked State Sales Tax Systems:

Indiana
Michigan
Ohio
Wisconsin

The Following are the Bottom-Ranked State Sales Tax Systems:⁷

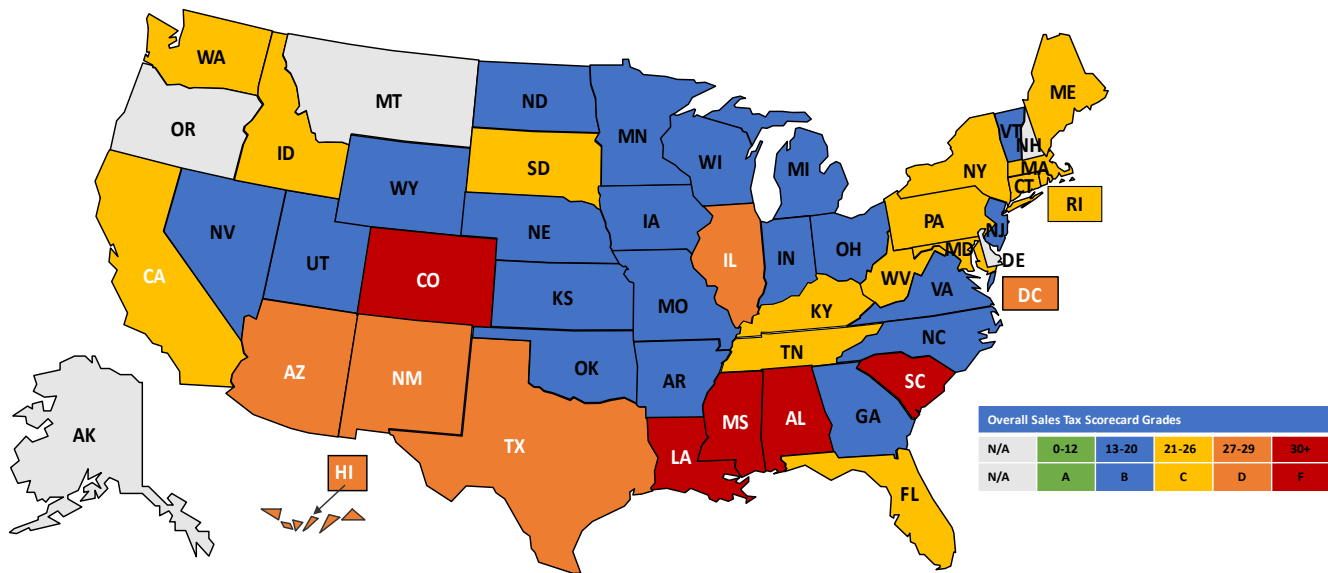
Alabama
Colorado
Louisianaw
Mississippi
South Carolina

The following chart shows the overall grade each state received on this Scorecard. We explain below the criteria used to determine each state's overall grade.

Separating the Top from the Bottom States

The four top states with B+ grades (Indiana, Michigan, Ohio, and Wisconsin) share key elements of sales tax administration that separate them from other states. All are full members of the Streamlined Sales and Use Tax Agreement (SSUTA) and score high on parts of the Scorecard relating to membership in SSUTA (e.g., simplification; exemption certificate administration; current database of rates and boundaries; and central administration). All four states impose less

2022 COST Sales Tax Scorecard: Overall Grades



Note: Because Alaska has no statewide sales tax, its was not given an overall grade.

extensive taxation of business inputs. Finally, all four states score high on fair audit and refund procedures. Conversely, the bottom five states (Alabama, Colorado, Louisiana, Mississippi, and South Carolina) perform poorly across virtually all Scorecard categories. None of the five states are members of SSUTA. All five of these low-performing states receive worse than average scores on the exemption of business inputs. Finally, all five score poorly on taxation of software and digital products, and four of the five states (except Mississippi) earn poor grades on central sales tax administration.

In 2018, COST issued its first scorecard to objectively analyze state and local administration of sales tax systems. This scorecard updates the 2018 Scorecard findings and expands the scope of categories analyzed to include the taxation of digital products, business input exemptions for retailers, marketplace facilitator laws, and remote seller rules.

INTRODUCTION TO COST

COST's membership is composed of over 500 companies engaged in interstate and international business that conduct business in every state. Virtually all COST members are either sellers collecting sales tax on behalf of the states, and/or purchasers accruing sales tax due. COST

members file sales tax returns in every state and the District of Columbia. COST has long supported the states' efforts via the SSUTA⁸ and other government, quasi-government, or public/private organizations to improve the states' administration of their sales taxes.⁹ While the administrative rules which the SSUTA requires its member states to follow have helped simplify and make the sales tax laws more uniform among its members and are included as part of this evaluation, in total, the SSUTA items only cover about one-fifth of the categories in the Scorecard.¹⁰

The issuance of COST's scorecards is only one of the methods COST uses to improve overall state and local tax administration. COST also actively provides education via schools, regional meetings, workshops, and national conferences; provides comments and testimony on state and local tax legislation; and files *amicus curiae* briefs addressing important state and local tax litigation pending before the courts.

GRADING THE SALES TAX STATES

This Scorecard evaluates multiple criteria in seven primary subject areas: 1) exemptions for business inputs; 2) taxation of software and digital products (new); 3) sales tax simplification and uniformity;

4) centralized sales tax administration; 5) fair sales tax processes; 6) reasonable tax payment/credit administration; and 7) fair audit and refund procedures. As indicated above, we also include an “Other Issues” category to address additional sales tax administration issues. Each of these seven categories contain several subcategories. A more detailed explanation of each category and subcategory follows the Summary Grading Chart.

Objectivity of the Scorecard

The primary goal of the Scorecard is to provide a nationwide perspective for state tax policymakers (legislators and executive branch officials) on the best state sales tax administrative practices, and to provide a comparative measure of the fairness and efficiency of their current administrative practices to that of other state sales tax

Summary Grading Chart

State	Business Inputs Exemption 8 pts	Software & Digital Products 7 pts	Simplification & Uniformity 6 pts	Central Admin. 5 pts	Sales Tax Process 6 pts	Reasonable Payments/ Credits 6 pts	Fair Audits/ Refunds 5 pts	Other Issues 2 pts	Total Points 45 pts	Grade
Alabama	6	6	5	4	6	4	2	0	33	F
Alaska	6	6	6	5	5	3	3	0	34	n/a
Arizona	4	6	5	3	4	4	2	0	28	D
Arkansas	6	1	3	1	1	4	1	1	18	B
California	7	1	5	1	5	3	3	0	25	C-
Colorado	6	5	4	4	5	3	2	1	30	F
Connecticut	7	4	6	0	5	2	2	0	26	C-
Delaware	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
D.C.	5	5	6	1	6	3	2	1	29	D
Florida	7	2	3	0	6	1	3	0	22	C+
Georgia	4	1	2	1	4	3	2	0	17	B
Hawaii	7	4	6	1	6	1	4	0	29	D
Idaho	3	3	6	2	4	1	3	0	22	C+
Illinois	4	5	6	3	2	5	3	0	28	D
Indiana	2	2	3	0	2	4	2	1	16	B+
Iowa	5	0	3	3	3	4	1	0	19	B-
Kansas	5	2	1	3	3	2	1	0	17	B
Kentucky	7	3	4	0	4	2	2	0	22	C+
Louisiana	6	6	3	5	5	3	2	0	30	F
Maine	4	2	6	0	6	2	2	0	22	C+
Maryland	6	3	4	0	5	3	2	0	23	C
Massachusetts	6	2	4	0	5	4	1	0	22	C+
Michigan	5	2	3	0	1	1	1	0	13	B+
Minnesota	4	1	2	1	4	4	1	0	17	B
Mississippi	7	5	4	2	6	3	3	0	30	F
Missouri	3	1	3	2	2	4	2	0	17	B
Montana	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nebraska	6	3	3	1	3	2	1	0	19	B-
Nevada	6	1	3	0	2	3	3	0	18	B
New Hampshire	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Jersey	4	3	2	0	3	4	1	0	17	B
New Mexico	8	5	5	1	6	1	2	0	28	D
New York	4	4	5	2	5	4	2	0	26	C-
North Carolina	5	3	3	0	3	3	3	0	20	B-

Summary Grading Chart (continued)

State	Business Inputs Exemption 8 pts	Software & Digital Products 7 pts	Simplification & Uniformity 6 pts	Central Admin. 5 pts	Sales Tax Process 6 pts	Reasonable Payments/ Credits 6 pts	Fair Audits/ Refunds 5 pts	Other Issues 2 pts	Total Points 45 pts	Grade
North Dakota	7	2	2	1	3	3	2	0	20	B-
Ohio	4	4	2	0	0	3	1	1	15	B+
Oklahoma	4	1	2	3	2	4	2	0	18	B
Oregon	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pennsylvania	4	3	5	1	5	3	2	0	23	C
Rhode Island	6	3	3	0	2	4	3	0	21	C+
South Carolina	6	7	6	3	5	2	1	1	31	F
South Dakota	8	5	3	1	3	3	2	0	25	C-
Tennessee	5	4	1	3	3	3	2	0	21	C+
Texas	7	7	4	2	3	1	4	1	29	D
Utah	6	2	3	1	1	2	2	0	17	B
Vermont	6	2	3	1	3	3	1	0	19	B-
Virginia	6	1	3	2	5	2	1	0	20	B-
Washington	7	3	3	1	4	3	1	0	22	C+
West Virginia	4	7	4	1	3	3	2	0	24	C
Wisconsin	5	3	2	2	1	1	0	0	14	B+
Wyoming	7	2	2	0	3	1	2	0	17	B

“It is our hope that this Scorecard will drive changes to ensure that sales taxes are administered more effectively, fairly, and remove undue administrative burdens.”

systems. It is our hope that this Scorecard will drive changes to ensure that sales taxes are administered more effectively, fairly, and remove undue administrative burdens. For virtually all items evaluated in the Scorecard, some (or many) states have adopted an identified “best practice.” While most of the Scorecard is based on a state’s sales tax laws, some subcategories, such as a revenue agency’s effort to impose a tax on digital products, address issues a state revenue agency creates when it attempts to impose a tax on products or services without clear legislative support. Thus, certain issues covered by this Scorecard are evaluated based on legislative action, while other issues are evaluated based on administrative action by a state’s revenue agency.

Scoring System

This Scorecard grades each state based on an accumulated point total which is then converted for each category into a letter grade. For each category, we award only a whole letter grade, while the final grade for a state can have a + or - added on. In general, points for each subcategory are based on COST’s determination of the relative importance of each issue to a fair and efficient sales tax system.

The ultimate grade a state receives is based on the total number of points awarded for all subcategory items and “other issues.” It is not based on grades received for each individual category. The following is the grading by overall points:

- A = 0 to 9 points;
- A- = 10 to 12 points;
- B+ = 13 to 16 points;
- B = 17 to 18 points;
- B- = 19 to 20 points;
- C+ = 21 to 22 points;
- C = 23 to 24 points;
- C- = 25 to 26 points;
- D = 27 to 29 points; and
- F = 30 or more points.

DETAILS OF SALES TAX ADMINISTRATION CATEGORIES

Many metrics can be used to evaluate states' sales tax administration systems. In developing this Scorecard, COST focused on seven categories that reflect a broad spectrum of fair, efficient, and uniform sales tax administration practices. While these categories overlap in part with the rules adopted by the member states of the SSUTA, they encompass a number of additional criteria that define optimal sales tax administration.

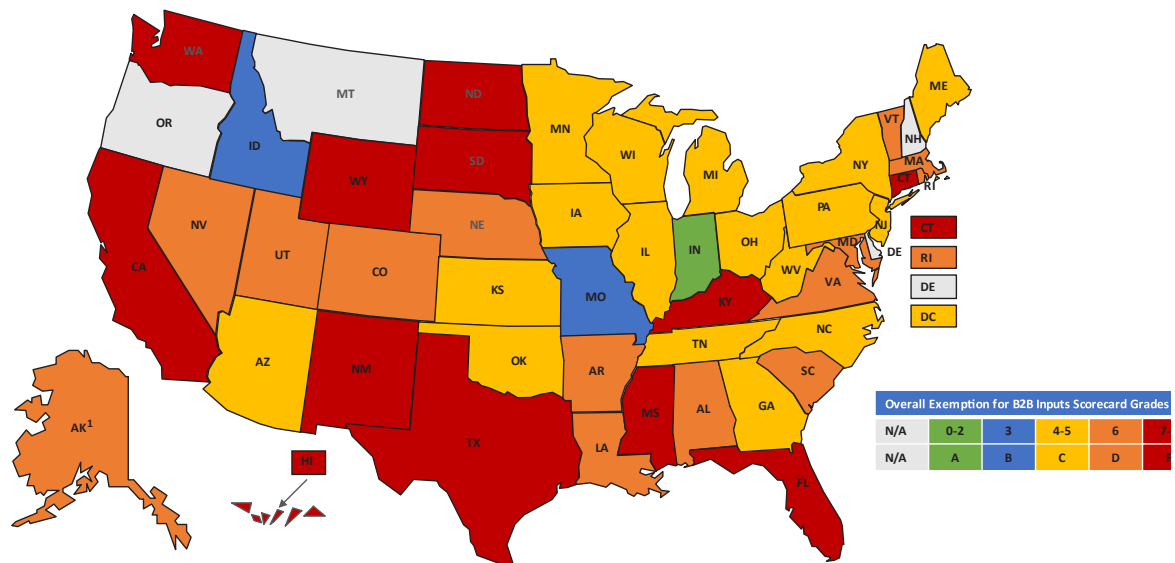
Exemptions for Business Inputs

The business inputs exemption category of the Scorecard reflects the importance of avoiding the pyramiding of taxes that occurs when a state taxes both business inputs and household purchases. This category includes analyses of state sales tax exemptions for business purchases of manufacturing equipment and inputs; equipment for telecommunications, cable and electric/gas service industries; and retail industry inputs. The Map below shows the overall grade each state received for this category.

“States collect, on average, 41.7% of their total sales tax revenue from business inputs. Not a single state has a business share of sales tax lower than 31.8% (Indiana).”

While economists generally agree that the ideal sales tax system would tax final personal consumption and not tax any business-to-business transactions, U.S. state and local sales tax systems significantly violate this principle. States collect, on average, 41.7% of their total sales tax revenue from business inputs.¹¹ Not a single state has a business share of sales tax lower than 31.8% (Indiana).¹² New Mexico has the highest business input share of sales taxes at 60.4%.¹³ The ramifications from taxing business inputs are significant, including inefficient tax “pyramiding,” a lack of transparency, higher consumer prices, and/or reduced economic activity (which can result in lower employment and/or wages).

Exemption for Business Inputs: Overall Grades



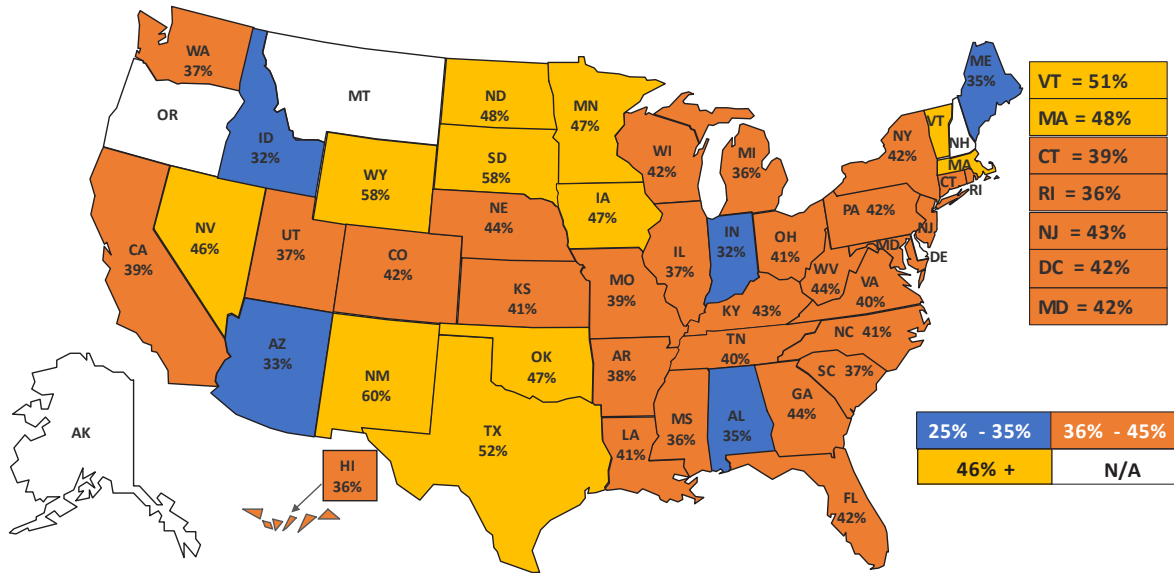
Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Business Inputs Make Up 42% of All State and Local Sales Taxes

Business Inputs Share of Total Sales Tax Collected

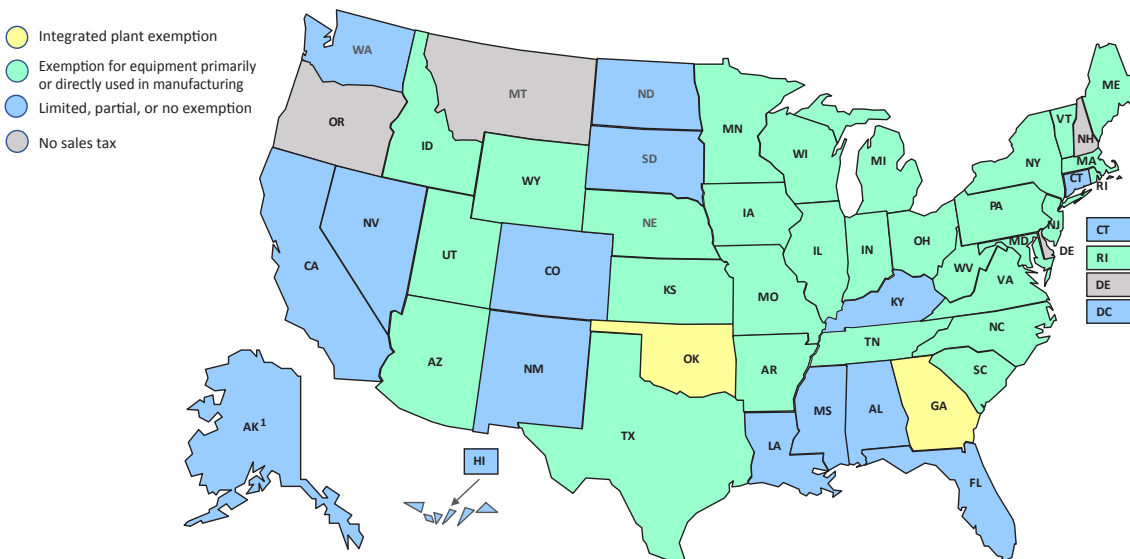


The Impact of Imposing Sales Taxes on Business Inputs, study prepared by Ernst & Young LLP for the State Tax Research Institute and the Council On State Taxation (May 2019)

Manufactured products are typically subject to sales tax at the retail level, so the equipment purchased by a manufacturer for use in a manufacturing operation should be exempt to avoid the pyramiding of sales tax.¹⁴ For example, Georgia does this well, as its manufacturing equipment exemption covers the entire facility under an “integrated plant” theory. Conversely, Kentucky limits the exemption primarily to equipment

used in new or expanded manufacturing, and thus scores poorly in this category. Increasingly, there are concerns with states’ current manufacturing and resale provisions as applied to digital products, and whether the states’ current sales tax laws adequately exempt the creation and/or refabrication of such digital products from sales taxation. Many state laws focus solely on tangible personal property for manufacturing or resale

Breadth of States’ Manufacturing Equipment Exemption



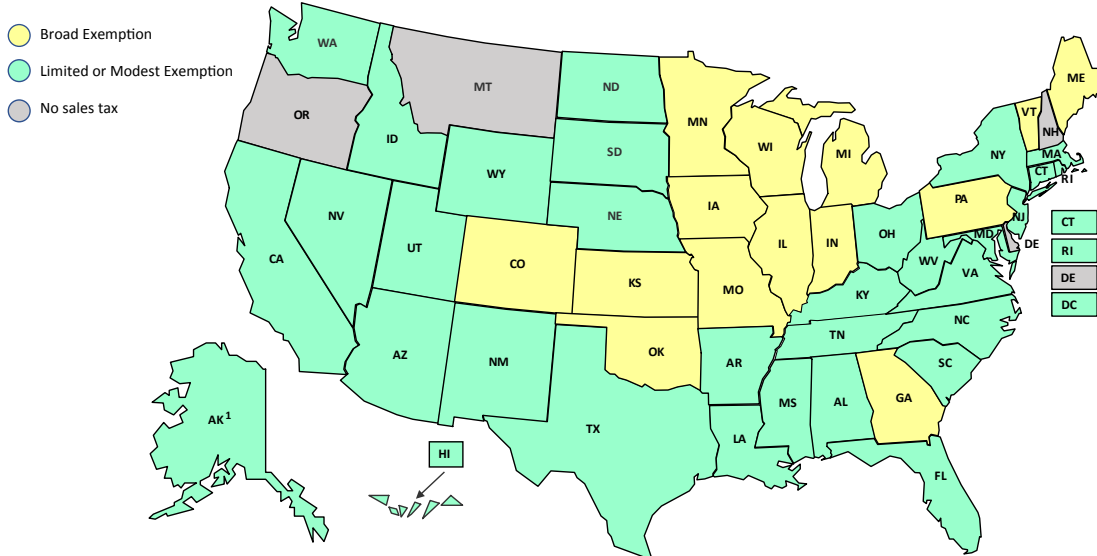
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Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

“Increasingly, there are concerns with states’ current manufacturing and resale provisions as applied to digital products, and whether the states’ current sales tax laws adequately exempt the creation and/or refabrication of such digital products from sales taxation.”

Breadth of States’ Manufacturing Inputs Exemption

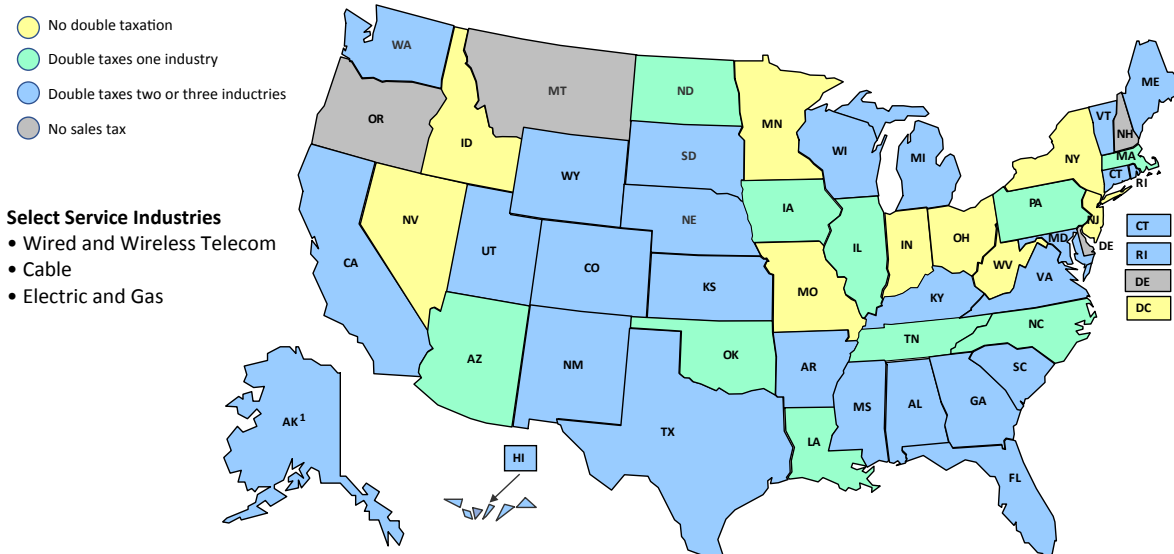


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Source: Council On State Taxation (COST)

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Double Taxation (Inputs and Outputs) of Select Services



Select Service Industries

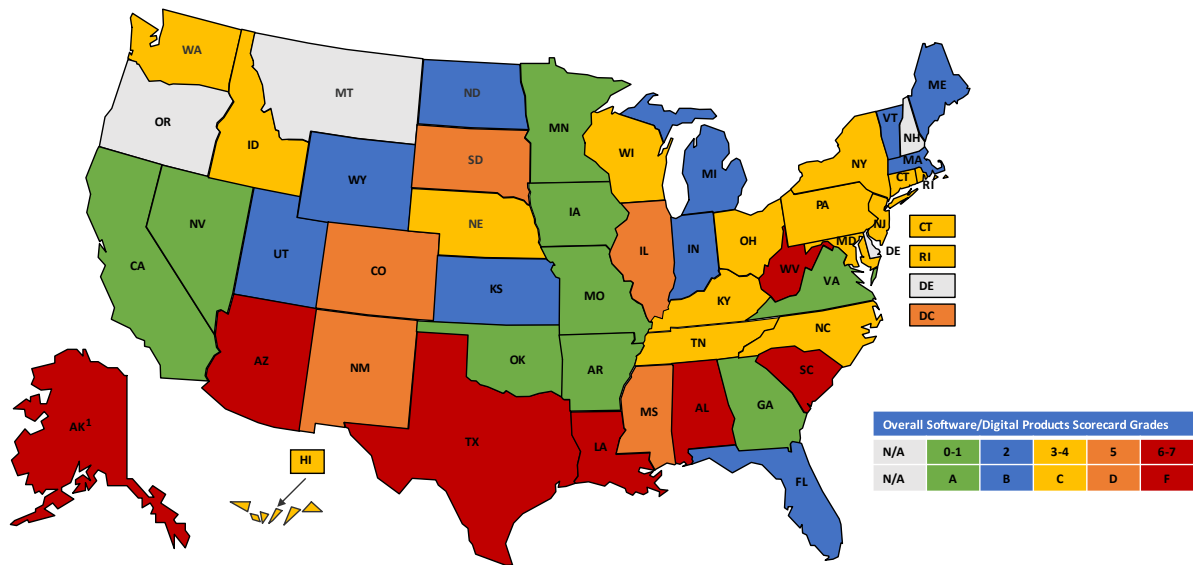
- Wired and Wireless Telecom
- Cable
- Electric and Gas

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Source: Council On State Taxation (COST)

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Taxation of Software and Digital Products: Overall Grades



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Source: Council On State Taxation (COST)
¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

“This year, we expand the coverage of our Scorecard to provide an in-depth look at the sales tax treatment of software and digital products by the states.”

software; digital software accessed remotely (SaaS); data processing; digital information services; and specified digital products. The states’ taxation of software and digital products purchased by business reflects the importance of avoiding the pyramiding of sales taxes in conjunction with taxing the digital economy. The map above shows the overall grade each state received in this category.

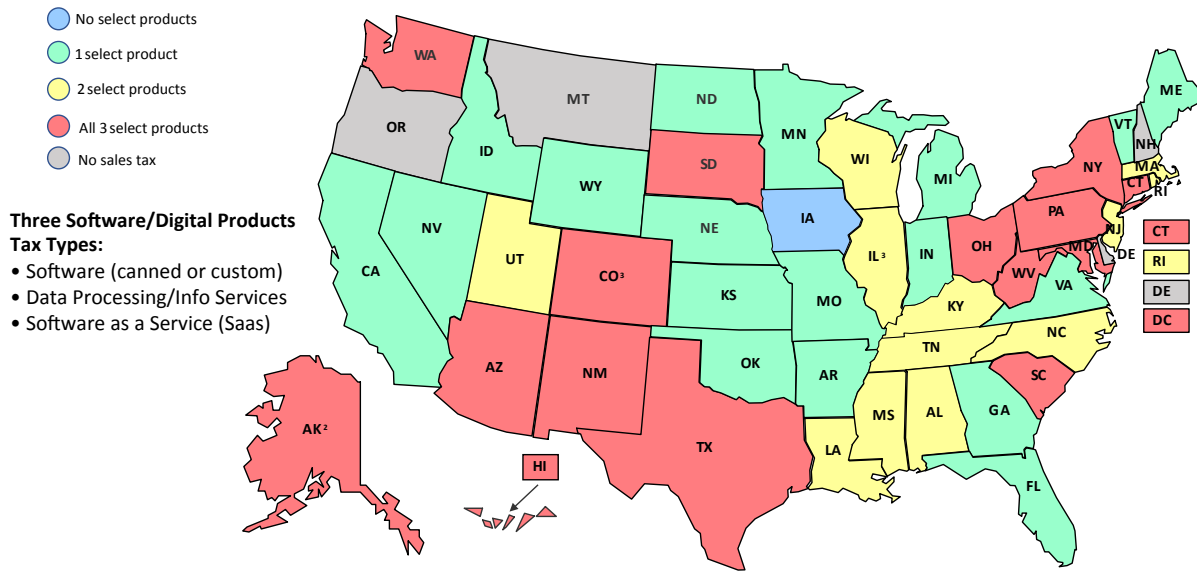
As we evolve into a society more reliant on digital technology, a state’s treatment of digital commerce becomes a critical part of an analysis of its sales tax system. Most state sales tax systems initially imposed tax on sales of tangible property, not services and digital products. However, since that time, we have seen an expansion in the taxation of sales of services and the widespread use of computers, including the internet. The taxation

of digital commerce over the last 25 years has taken center stage due in part to the growth in digital commerce and in part to the unique challenges of imposing transaction taxes on sales of non-tangible goods and services.

We examine a number of key software and digital products and look at how they are taxed in a particular state. We do not impose a penalty on a state for imposing a sales tax on household purchases of digital products. However, if a state taxes a digital product but does not exempt business purchases (digital business inputs), we mark them accordingly. Unfortunately, the vast majority of states that tax digital products provide no exemption for business purchases, with Iowa as the rare

“... the vast majority of states that tax digital products provide no exemption for business purchases, with Iowa as the rare exception with a broad exemption for business purchases of software and digital products.”

Tax on Business Purchases of Software and Digital Products¹



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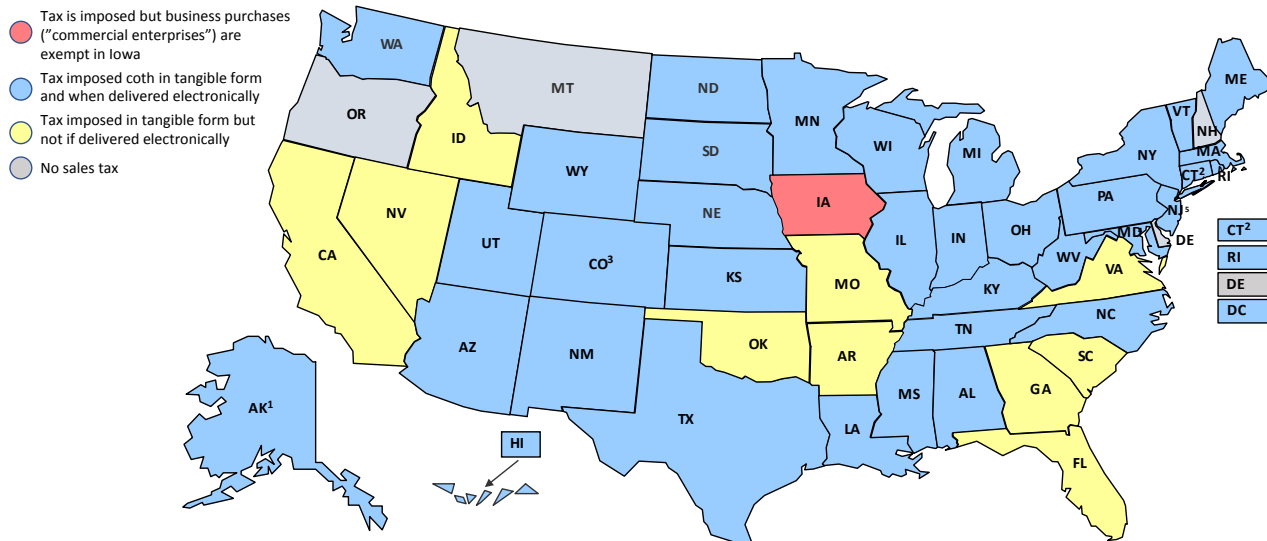
Source: Council On State Taxation (COST)

¹The Key indicates the number of software and digital product types subject to sales tax in the state – no state other than Iowa has a broad business exemption

²AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

³CO/IL - State and local tax bases differ, includes state or local tax on products

Tax on Prewritten Software (Including Electronic Delivery)



Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

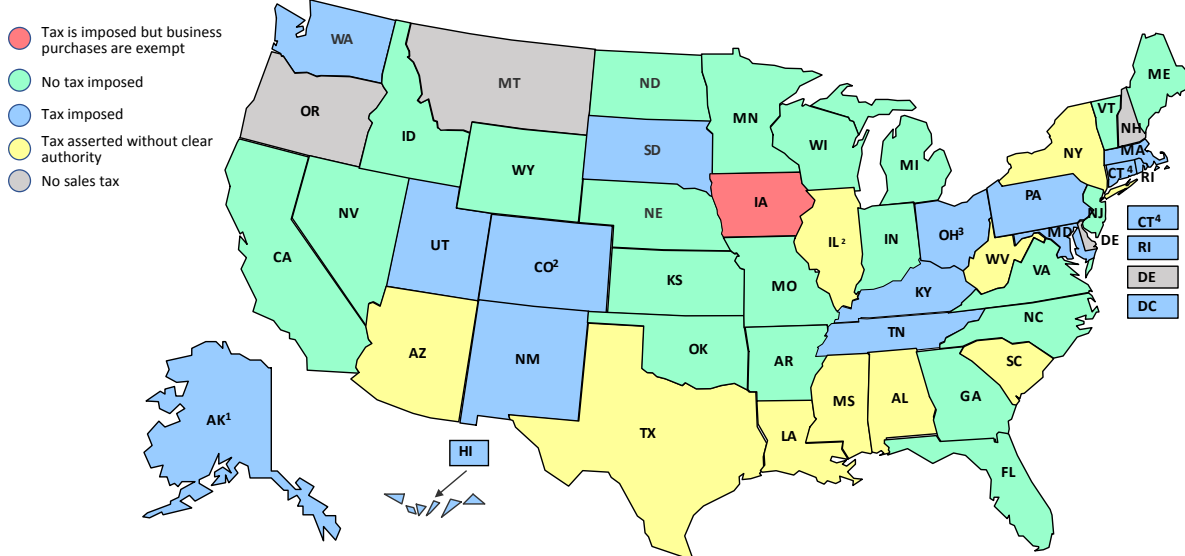
²CO - State and local tax bases differ – tax imposed by some localities on electronic delivery

³CO - State and local tax bases differ, includes state or local tax on products

⁴MD - Some business purchases of electronically delivered software are exempt

⁵NJ - All software is taxable; however, business purchases of electronically delivered software is exempt

Tax on Digital Software Accessed Remotely (SaaS)



Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

²CO/IL - State does not impose a tax, but tax may be imposed by some localities

³OH - Tax only applies to businesses

⁴CT - Electronically delivered software is taxed at 1% rate for businesses

exception with a broad exemption for business purchases of software and digital products.

We also examined the sales taxation of prewritten software (including by electronic delivery). Most states impose a sales tax on software both in tangible form and when delivered electronically. A substantial minority of states impose a sales tax on software only in tangible form, and not if delivered electronically. However, two states, Iowa and New Jersey, provide some type of exemption for business purchases of prewritten software, and Connecticut provides a reduced tax rate.

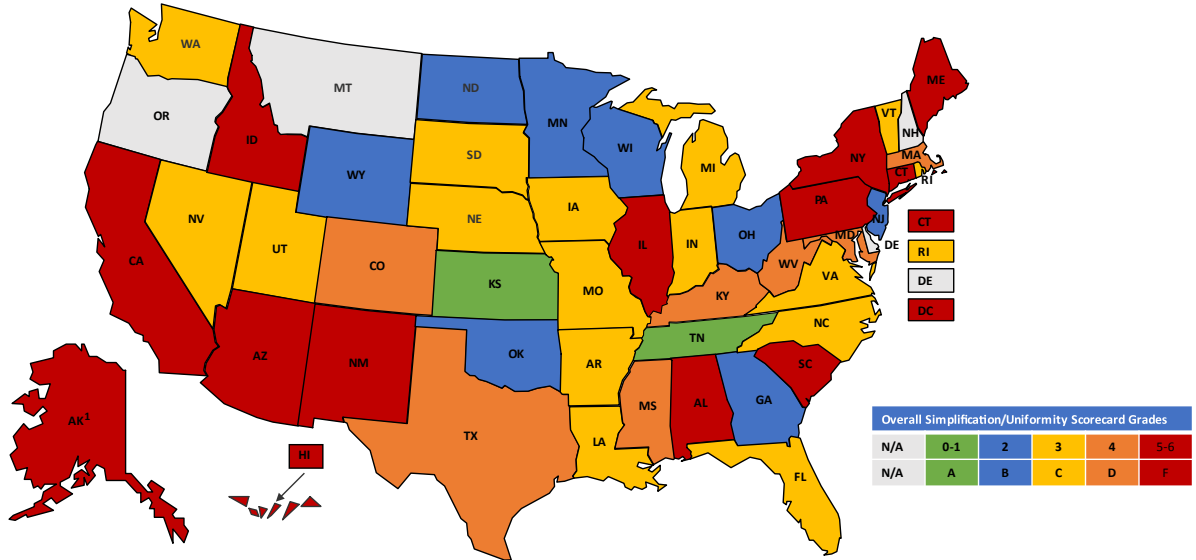
“... while we do not evaluate the breadth of a state’s tax base on (household) consumer purchases, the items in that base should be taxed through clear legislative authority, and business purchases should be exempt.”

In certain cases, we also looked at whether a state’s sales tax on digital products is based on clear statutory authority. Some states impose a sales tax on digital commerce by administrative fiat with no clear legislative authority to do so.

As mentioned before, while we do not evaluate the breadth of a state’s tax base on (household) consumer purchases, the items in that base should be taxed through clear legislative authority, and business purchases should be exempt. About one-half of the states impose a sales tax on digital software accessed remotely (SaaS). Of these, three (Alabama, Arizona, and Louisiana) do so without clear statutory authority. And only one (Iowa) exempts business purchases.

For states that impose a sales tax on some category of digital products purchased by business, we also looked at whether the state allows apportionment of the tax based on use in a particular jurisdiction (multiple points of use or MPU). We found that a minority of states allow some type of MPU apportionment. No MPU is considered necessary if a state does not tax software delivered electronically or other digital products.

Sales Tax Simplification and Uniformity: Overall Grades

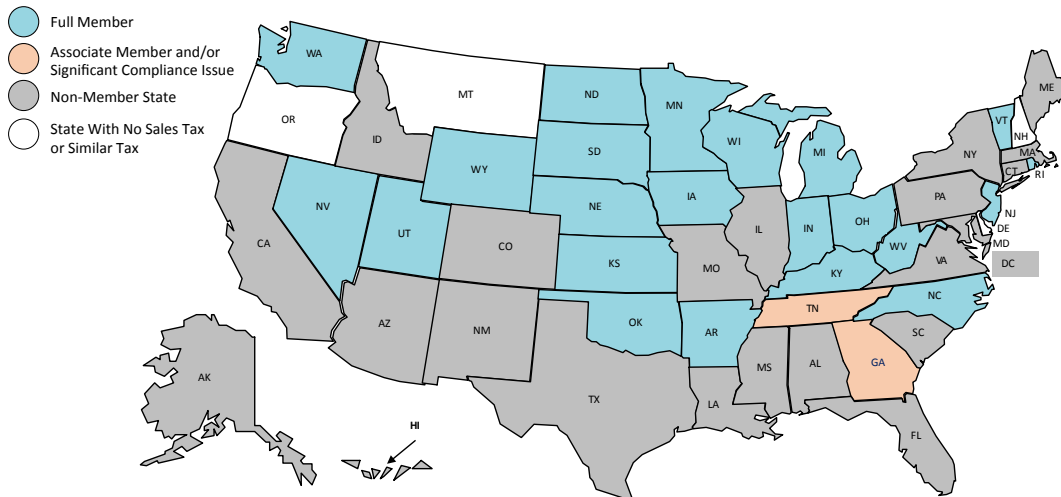


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Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

State Membership in Streamlined Sales Tax



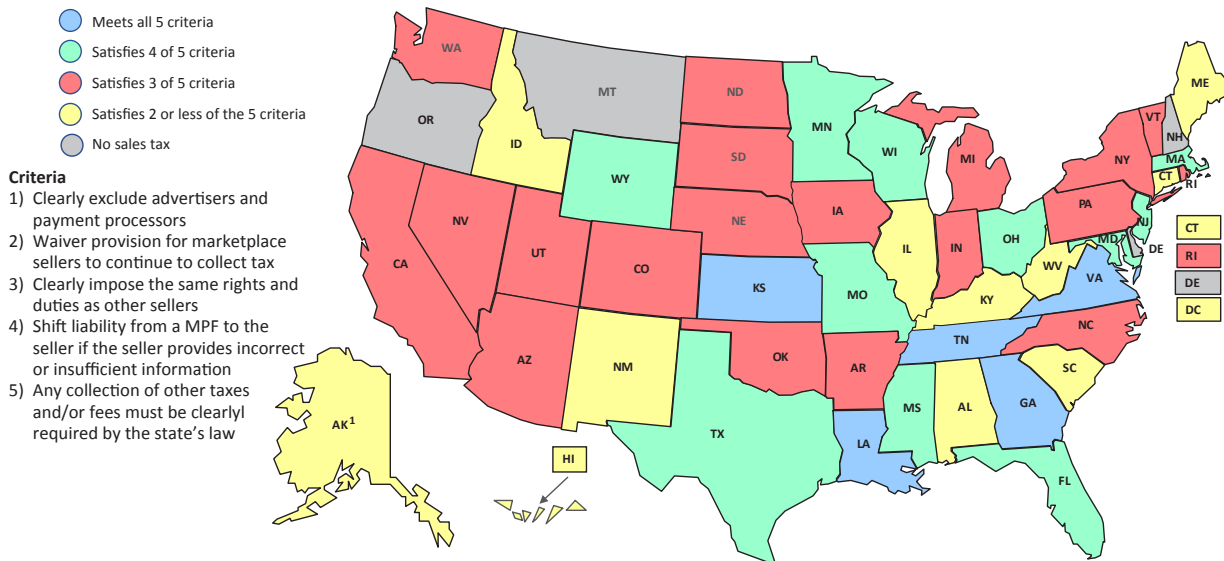
marketplace facilitator legislation. In our analysis of a state’s marketplace facilitator law, we looked to the National Conference of State Legislatures model legislation as our guide. While we could not grade a state on each provision contained in the NCSL model legislation, we narrowed our focus to five key provisions. First, we consider whether a state excludes advertising platforms and persons whose principal activity is processing payments from the definition of a marketplace facilitator.¹⁷ By doing so, we identify which states gave careful consideration to the scope of their marketplace facilitator laws. Credit card companies that merely engage in

transactions with sellers to process payments and companies that perform only advertising services do not make sales and should not be included in the definition of a marketplace facilitator. Similarly, waiver provisions that allow a marketplace seller to continue to collect the tax under mutual agreement with a marketplace facilitator also serve a valuable purpose. Many marketplace sellers, such as communications companies, have robust collection systems already in place. As a result, it makes sense that a state allows a marketplace seller and a marketplace facilitator to agree amongst themselves on who bears the collection duty.

Likewise, states should clearly provide marketplace providers the same rights as other sellers in the state, thereby creating a level playing field and giving these marketplace providers access to valuable benefits such as vendor compensation. Liability for tax should also shift to a marketplace seller if it provides incorrect or insufficient information on a product sold on a facilitator's marketplace.

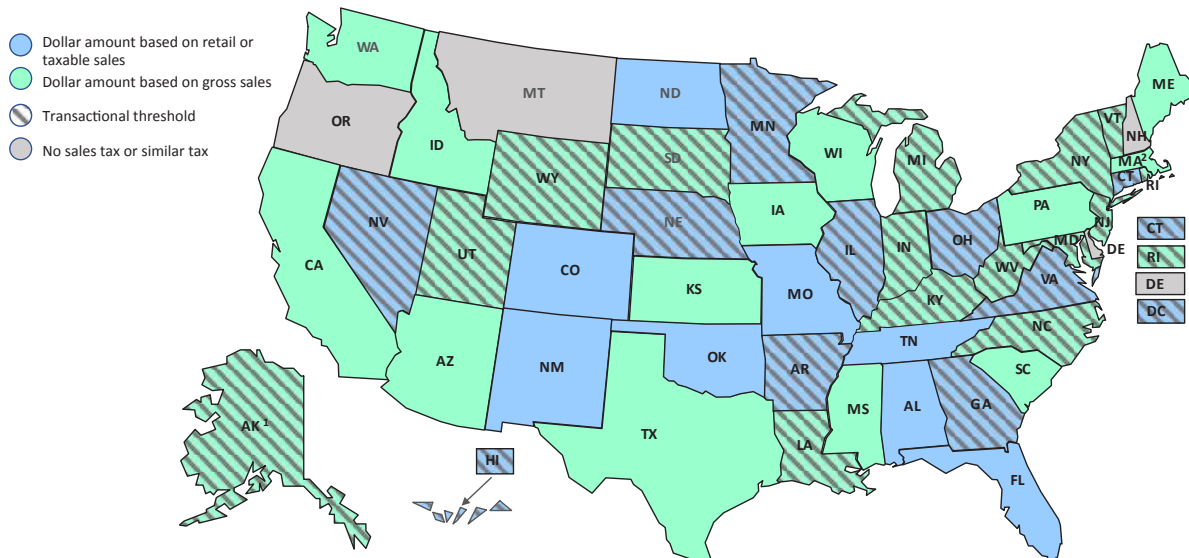
Finally, we evaluate whether a state has adequate authority to require a marketplace facilitator to collect other taxes and fees, such as 911 telecommunication fees. While we do not evaluate a state on whether it requires the collection of other taxes and fees, we do look at whether this requirement is based on statutory authority and not administrative guidance.

State Marketplace Facilitator Laws – Best Practices



Disclaimer: This information should be used for general guidance and not relied upon for compliance.
Source: Council On State Taxation (COST)
¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Remote Seller Threshold



Disclaimer: This information should be used for general guidance and not relied upon for compliance.
Source: Council On State Taxation (COST)
¹Data is based on local municipalities since Alaska does not have a state-wide sales tax
²Unless exclusively making sales for sale

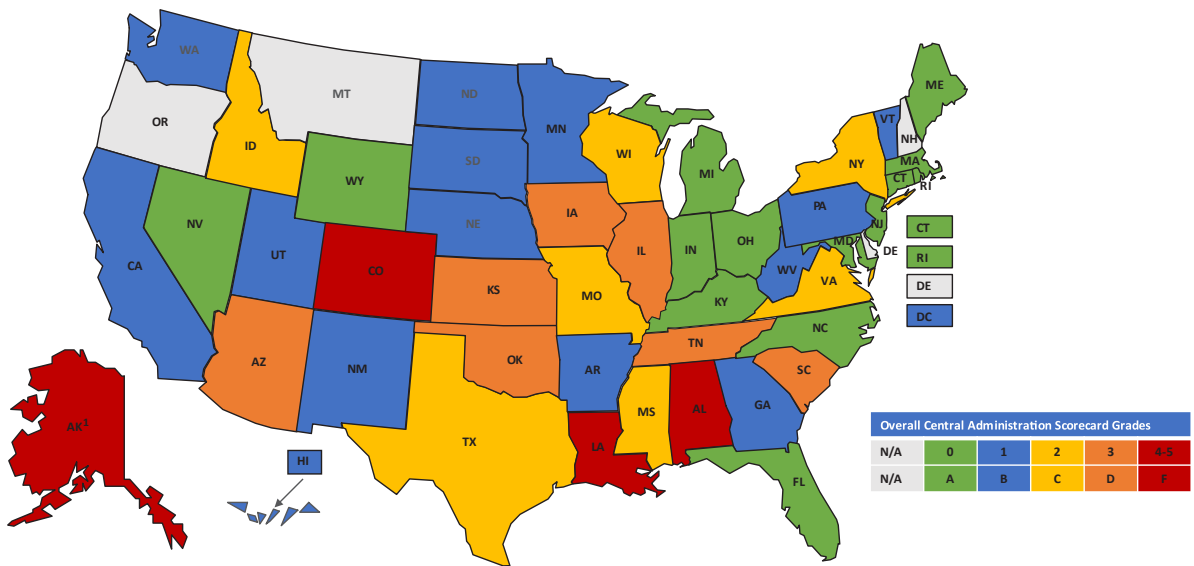
For the first time in this Scorecard, we also look at each state's remote dollar and transaction threshold for imposing a collection responsibility on remote sellers. A dollar threshold should exclude sales for resale —by using retail or taxable sales— and not use gross sales. Gross sales could require wholesalers (and similar sellers) with no taxable sales to register and remit zero dollar returns to a state. A state should also not layer a transaction threshold on top of a dollar threshold, as it creates complexity in the collection process for

both small retailers and tax administrators having to deal with the collection and remittance of *de minimis* tax amounts.

Centralized Sales Tax Administration

The centralized sales tax administration category of the Scorecard reflects the states having central administration of their sales tax. If a state has local sales tax jurisdictions, the local tax bases should be the same as the state's tax base; it should limit

Centralized Sales Tax Administration: Overall Grades

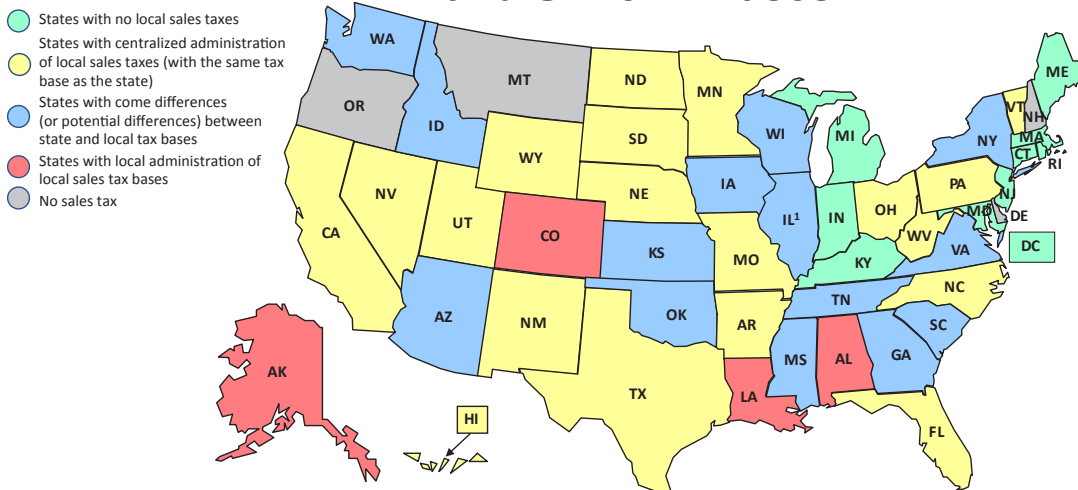


Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Central Administration, Local Sales Taxes, and Uniform Bases



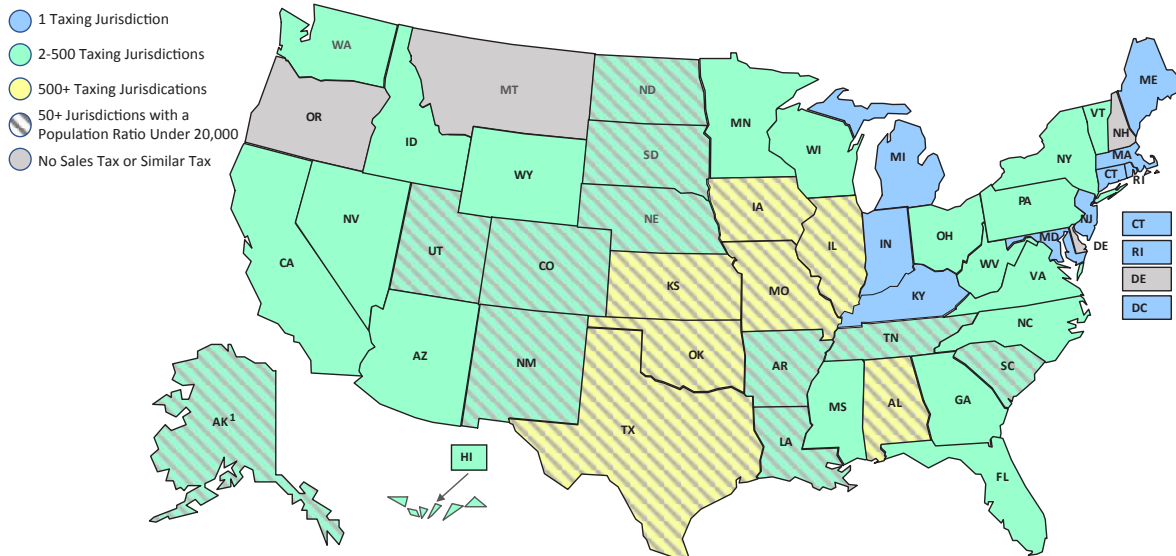
¹IL - Several localities separately administer local transaction taxes

the number of local jurisdictions as compared to a state's population; and it should have a jurisdictional database for sellers and purchasers to determine a jurisdiction's tax rate. The on the previous pages shows the overall grade each state received for this category.

One of the biggest burdens on sellers is the wide divergence among states in tax bases, taxable product definitions, and the rules and

administrative procedures for collection and remittance. This task is compounded by those states that allow local taxing jurisdictions to use a different tax base, separately administer the tax, and/or allow a multitude of local jurisdictions. If a state with local administration of sales taxes, such as Louisiana, switches to central administration (with uniform bases), this change would generally improve their score by at least one grade.

Excessive Number of Local Sales Tax Jurisdictions

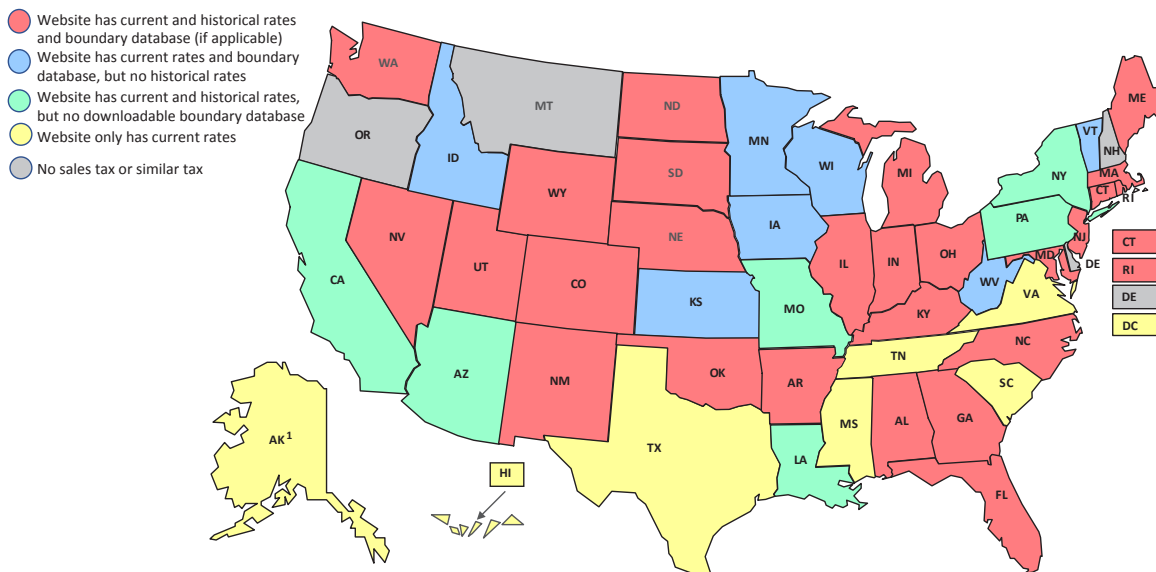


Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Jurisdictional and Tax Rate Databases



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Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

“... an excessive number of jurisdictions relative to a state’s population creates more chances for errors with diminishing benefits for a state’s local governments.”

Because zip codes rarely follow local sales tax jurisdictional boundaries, all states with local sales tax jurisdictions inherently make compliance more difficult for sellers and purchasers. Further, an excessive number of jurisdictions relative to a state’s population creates more chances for errors with diminishing benefits for a state’s local governments. Any state with over 50 local jurisdictions and a population ratio of less than 20,000 people per jurisdiction on average was used as the threshold for determining where any benefit of local taxes is outweighed by the overall cost imposed on taxpayers. Iowa and Missouri both fare poorly in this category because Iowa has 1,044 local sales tax jurisdictions with a population ratio of 3,100 and Missouri has 2,091 local sales tax jurisdictions with a population ratio of 2,900. On the other hand, states like Connecticut, Kentucky, and Rhode Island have no local sales

tax jurisdictions at all. It is also critical for efficient administration that the state administer all local sales taxes, including all audits, appeals, payments, refunds, exemptions, etc.

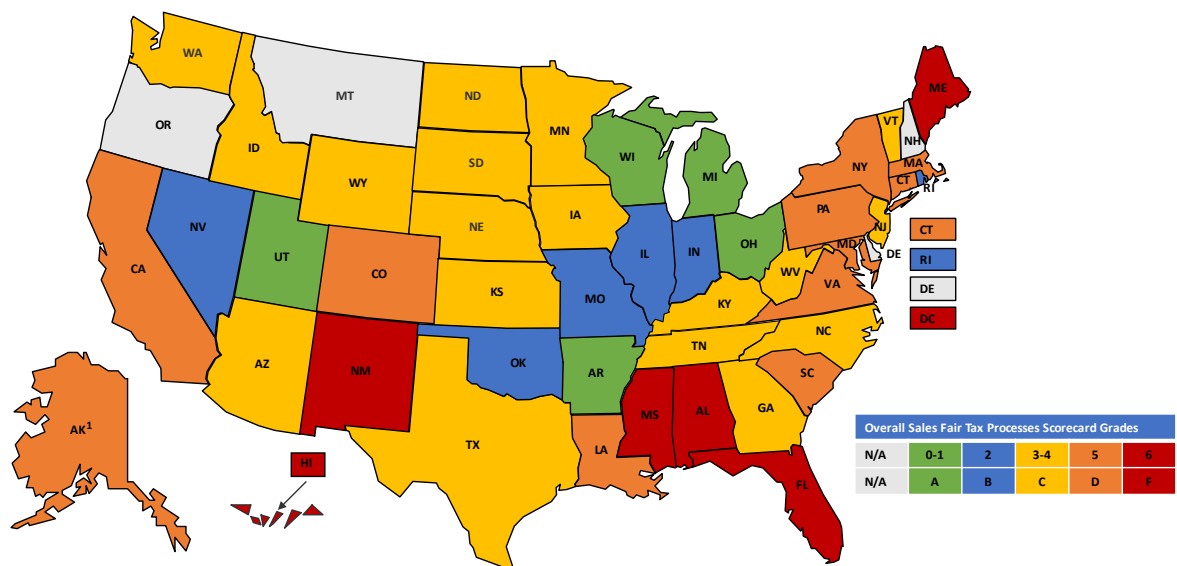
Lastly, any state that enacted a tax change in the past five years at the state and/or local level should provide notice of the different tax rates, including the effective date of the rate change(s), on their revenue agency’s website. And, if the state has local jurisdictions, a current tax rate and boundary database accessible and downloadable by taxpayers is essential.

Fair Sales Tax Processes

The fair sales tax processes category of the Scorecard reflects the states’ acceptance of uniform exemption certificates, the provision of reasonable seller compensation, the ability for certain purchasers to use direct pay provisions to self-accrue the tax, and liability relief. The map below shows the overall grade each state received for this category.

With 45 individual states (and the District of Columbia and Alaska municipalities) imposing their own versions of a sales tax, both sellers and purchasers can be burdened with numerous unfair administrative practices. One way to improve the administration of a state’s sales tax is

Fair Sales Tax Processes: Overall Grades

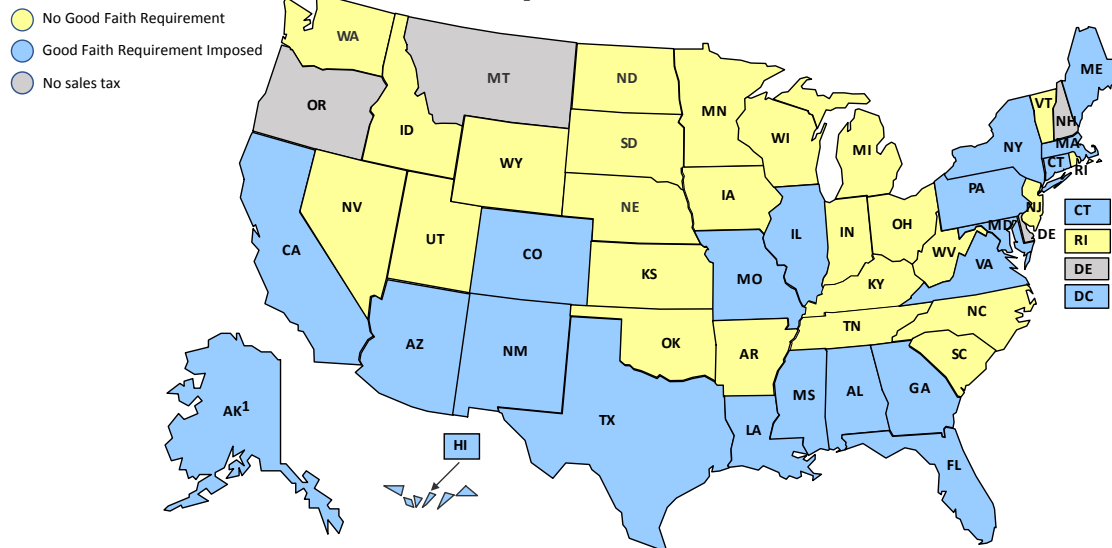


Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Good Faith Requirement on Sellers Accepting Exemption Certificates



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Source: Council On State Taxation (COST)

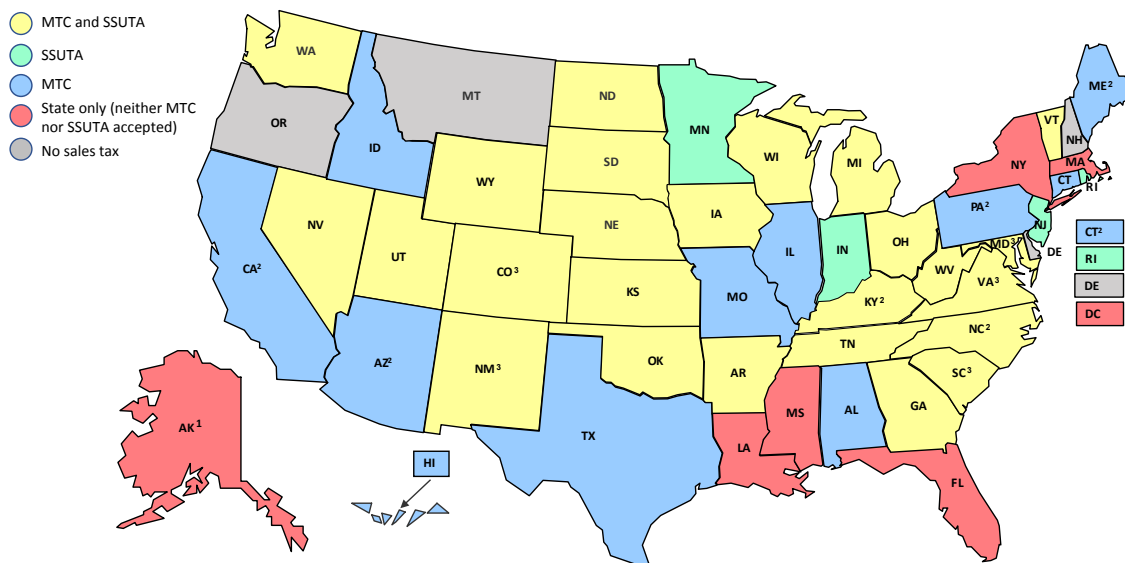
¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

to avoid burdening sellers with the task of policing whether purchased items are exempt from tax under a purchaser exemption or exclusion. Absent fraud by a seller, states affording exemptions to purchasers should audit the purchasers themselves to determine whether their purchases are exempt from a state’s sales tax, and not impose

a “good faith” requirement on sellers to police such purchasers.

A seller should only be required to obtain and retain completed exemption/resale certificates. States should also allow sellers to use either the MTC uniform exemption certificate¹⁸ or the SSUTA exemption certificate.¹⁹ Lastly, when auditing a

Acceptance of MTC/SSUTA Exemption Certificates



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Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

²AZ/CA/CT/KY/ME/NC/PA - Allows limited use of MTC certificate

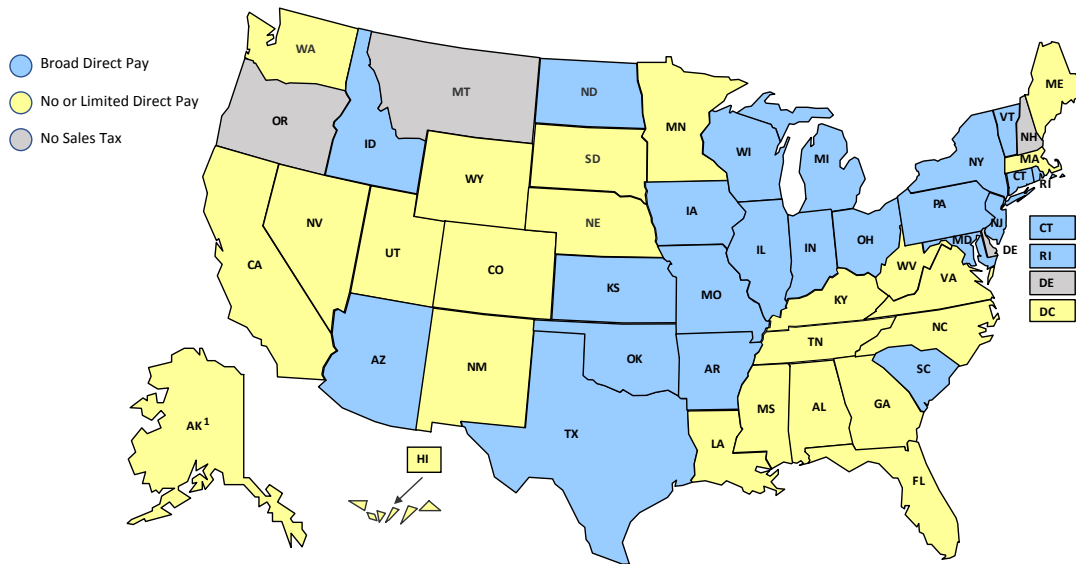
³CO/MD/NM/SC/VA - Allows limited use of MTC and SSUTA certificates

for many businesses, and it often makes audits of such purchasers easier for the state. While states may choose a reasonable threshold for purchases before granting a direct pay permit, blanket exclusions preventing certain industries from obtaining such a permit or an excessive threshold reflects poor sales tax administration. South Carolina does well in this category because it has a broad-based direct pay provision, while the District of

Columbia does poorly because it does not directly allow any direct pay permits.

Another important criterion is assuring that both sellers and customers can rely on written guidance provided by a state tax agency. This relief should be broad and not confined to limited types of written guidance. Connecticut does poorly in this category because it offers no liability relief to sellers or purchasers relying on DOR guidance.

Broad Direct Pay Permits

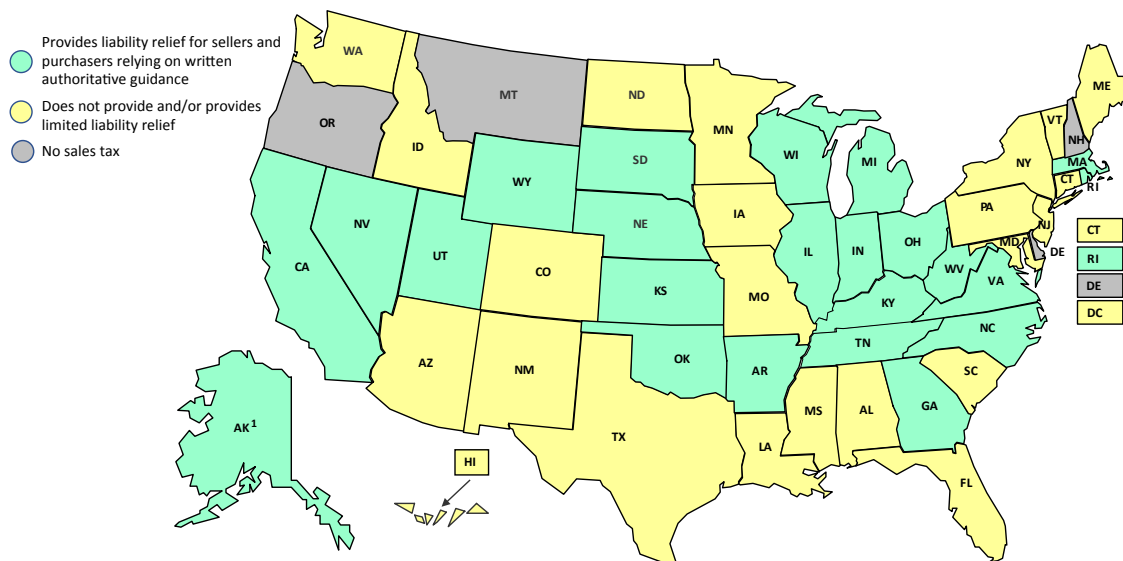


Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Liability Relief for State Provided Information



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Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Meanwhile, Illinois scores well because it offers liability relief to sellers and purchasers relying on DOR guidance.

Reasonable Tax Payment/ Credit Administration

The reasonable tax payment and credit administration category of the Scorecard reflects the states' best practices to avoid utilizing advance payments; to allow credits for similar taxes paid to another state/jurisdiction; and to provide a bad debt deduction for private label credit cards. The map below shows the overall grade each state received for this category.

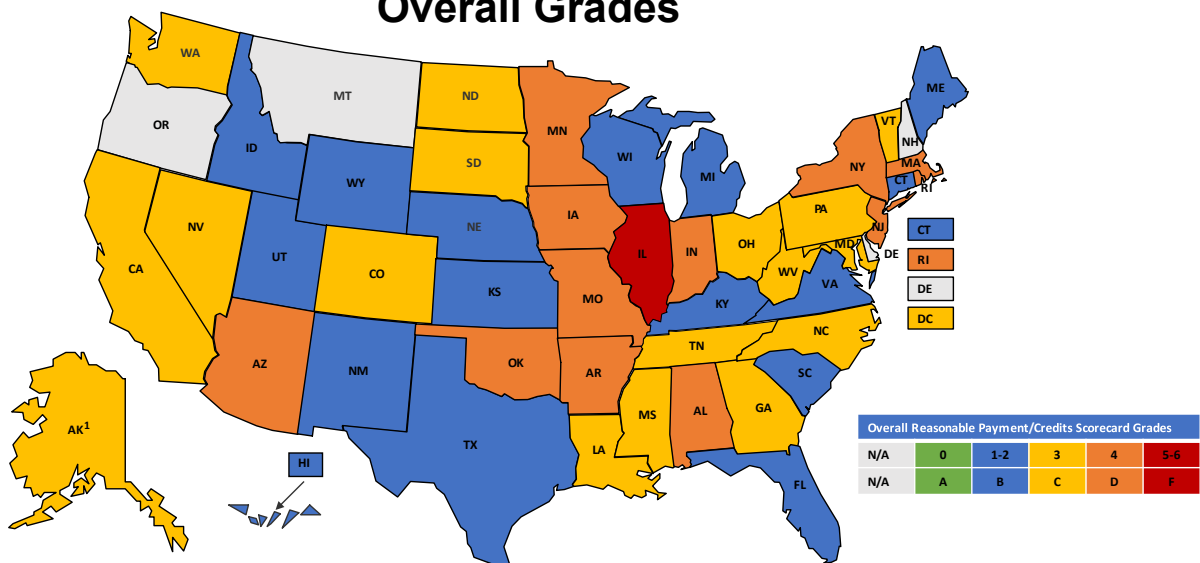
The timing of a seller's remittances is a key issue for fair tax payment administration. Some states require the tax to be paid in advance of the return, while other states require multiple advance payments. It is much more efficient for sellers to make just one payment per filing period when they file tax returns because it eliminates "guesstimates" and allows the bulk of purchasers' returns to be adjusted on the sellers' tax returns for taxes the sellers refunded to purchasers.²² States like Hawaii and Nebraska do not require advance payments and thus do well in this category. On the other

hand, states like Illinois and Missouri require sellers to make multiple advanced payments.

Another growing problem is that some states improperly assert they are imposing a "sales tax" and not a "use tax" on some transactions. While this usually does not create an issue if the tax rates are the same, some states locate their credit for purchasers who paid tax on a product to another state in their "use tax" section of the law.²³ Some states post-*Wayfair* (e.g., South Dakota) are asserting remote sellers are subject to the state's sales tax, rather than the state's use tax, which can impose problems for purchasers when claiming credit for tax paid to another state. Thus, if the state's revenue agency asserts it is imposing its sales tax, there is no credit allowed in that situation. In this

"... purchasers should not be prevented from obtaining full credit for tax legally due and paid to another state that had the first right to impose such tax."

Reasonable Tax Payment/Credit Admin.: Overall Grades

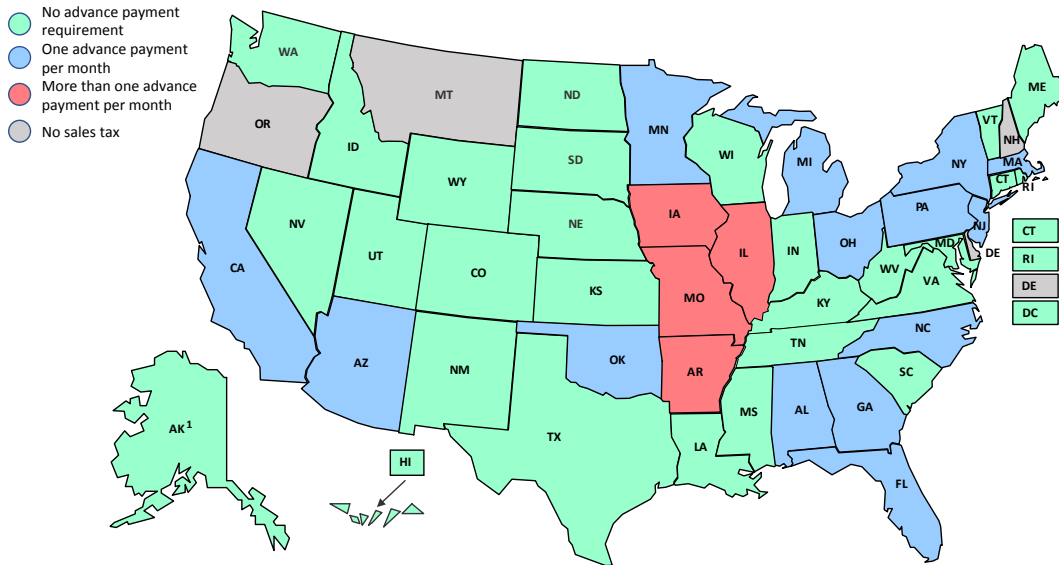


Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Advanced Payment Requirements



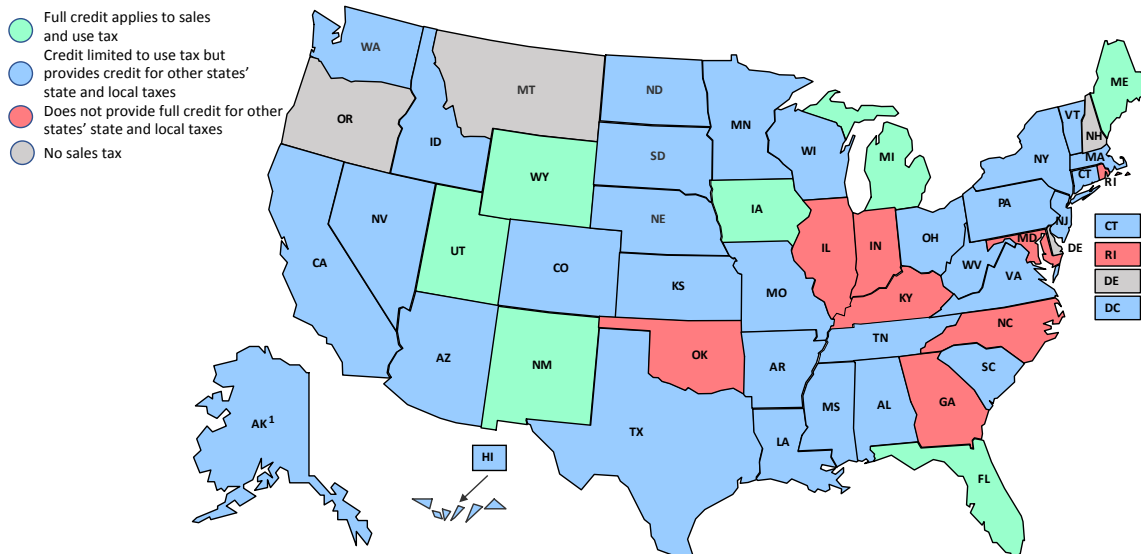
Disclaimer: This information should be used for general guidance and not relied upon for compliance.
Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Scorecard no position is taken on the problems with some states' reciprocity provisions; however, purchasers should not be prevented from obtaining full credit for tax legally due and paid to another state that had the first right to impose such tax. Another issue is that some states limit credits to just the state's sales tax if they have no local taxes, or they limit credit for taxes paid at the state level but not those at the local level. This type

of limitation itself is administratively unfair and it also raises constitutional issues regarding fair apportionment and internal consistency under the Commerce Clause.²⁴ Florida does well in this category because its credit is not limited to use tax and it gives full credit for other states' state and local taxes. Conversely, Indiana does poorly because its credit is limited to use tax and it does not provide credit for other states' local taxes.

Credit for Tax Paid to Other States



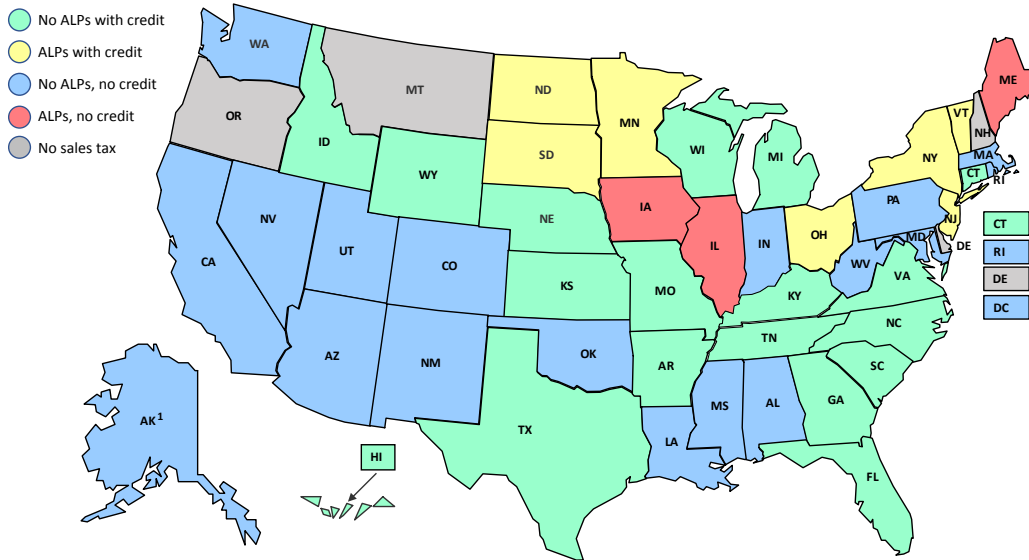
Disclaimer: This information should be used for general guidance and not relied upon for compliance.
Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Another concern is the different methods that states use to impose their sales taxes, particularly relating to the taxation of leases (and to high-price items such as motor vehicles). COST believes the best approach for the imposition of periodic lease payments is for the tax to be imposed on each payment based on where the leased property was primarily located when the periodic lease payment was made. For example, Arkansas has no accelerated lease payments. Unfortunately, several states,

including Iowa and New York, impose their sales tax on the total periodic lease payments upfront or continue to tax periodic leased property even though the property is no longer located in that state. Compounding the problem, several state tax agencies assert they will not (or legally cannot) provide credit for the sales tax paid to another state in that situation. Unfortunately, this problem exists for member states of the SSUTA and non-member states alike, and much more uniformity is needed.²⁵

Accelerated Lease Payments (ALPs) & Credits

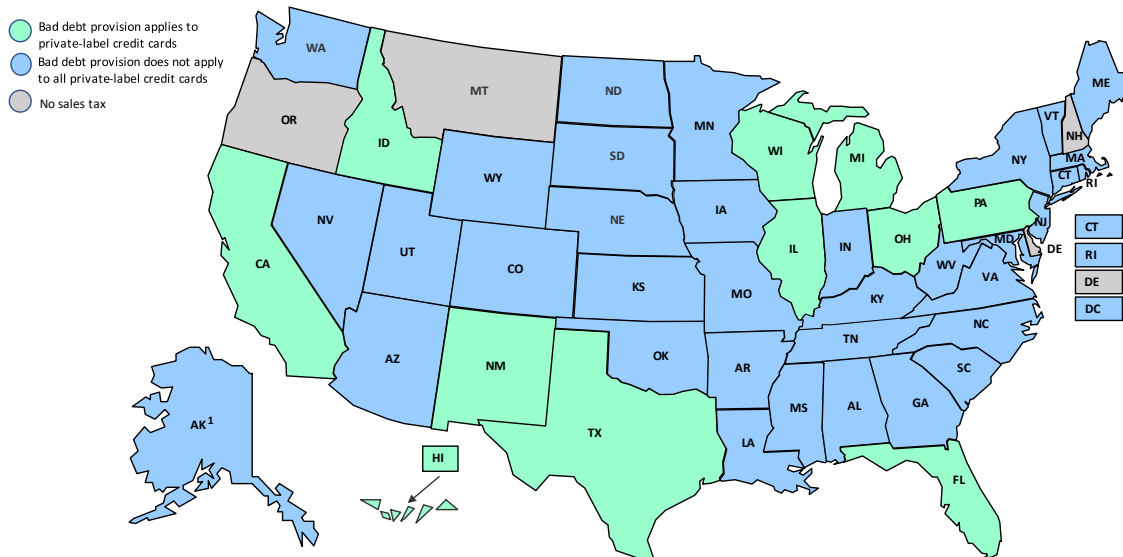


Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax. Unknown if ARSSTC members allow credit against accelerated lease payments.

Bad Debt Application to Private Label Credit Cards



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Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Finally, state treatment of bad debts is invariably distorted because sellers that issue private-label credit cards are generally denied a bad-debt deduction on such cards. The clear purpose of the bad debt deduction is for sellers to recoup taxes paid to the state that subsequently are not recovered from consumers due to non-payment. Private-label credit cards dominate over retailer-issued credit cards based on advantages afforded to both retailers and financial institutions. Despite similarities between private-label credit cards and retailer-issued credit cards, the tax consequence of obtaining a bad-debt deduction often differ.²⁶ Pennsylvania scores well because its bad debt deduction provision applies to private-label credit cards. Ohio also recently joined the ranks of providing a bad debt provision with H.B. 223 (2022). Maine scores poorly because its bad debt deduction does not apply to private-label credit cards. Allowing a bad-debt provision for private-label cards is necessary because it ensures that the states' sales tax bad-debt provisions are applied in a fair and neutral manner irrespective of the type of credit card used.

Fair Audit and Refund Procedures

The fair audit and refund procedures category of the Scorecard reflects the states' use of even-handed sampling procedures; avoidance of

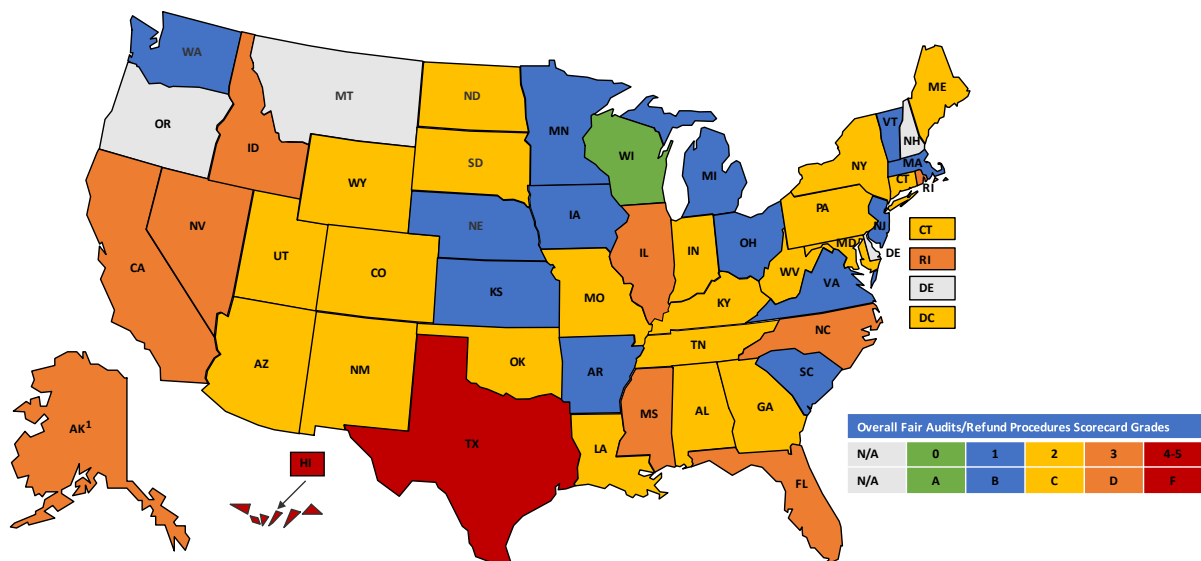
contingent fee and/or private auditing; allowance for purchasers to directly file refunds claims; and an exclusion for sales taxes from false claims act laws and/or class action suits. The map below shows the overall grade each state received for this category.

A state should have a law, regulation, or written policy that allows taxpayers to reasonably use sampling. While all the states use sampling for audits, unfortunately, the states often lack an even-handed procedure for taxpayers to use sampling for refunds. This is an area where all states could improve their sampling processes to allow equal use of sampling for both tax due and refunds.

Contingent fee auditing places too much incentive on maximizing the auditor's fee to the detriment of determining the correct amount of tax owed. Similarly, private contract auditing suffers from inconsistencies and the lack of direct control by the revenue agency. While a state is not penalized for the absence of a law prohibiting the use of private and contingent fee auditors, such states are strongly encouraged to enact a law that clearly prohibits the use of these types of audits. Both North Carolina and Virginia have prohibited contingent fee and private-contract auditing.

Sellers and purchasers need fair refund procedures to level the playing field between

Fair Audit and Refund Procedures: Overall Grades

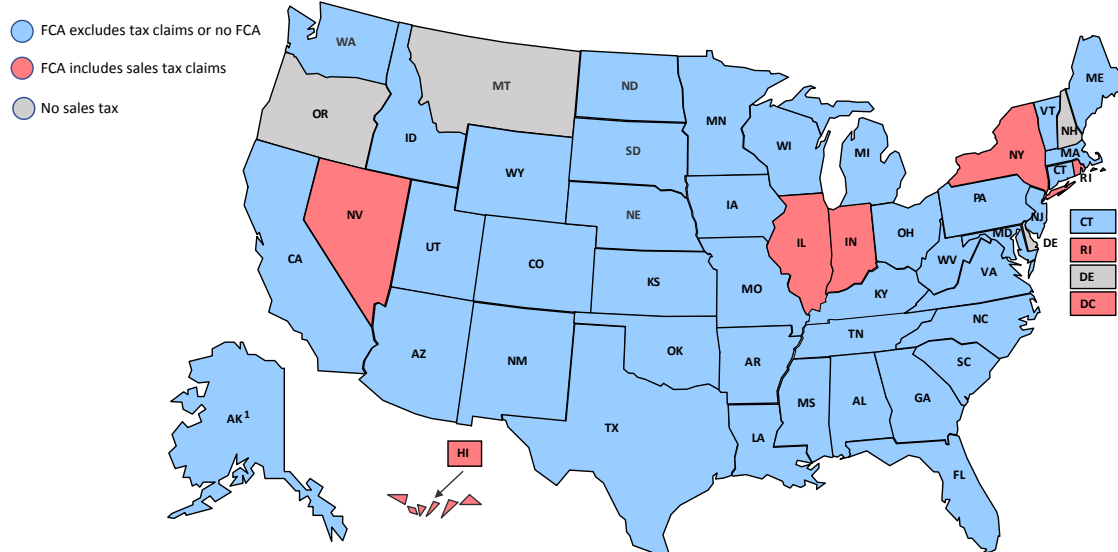


Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

False Claims Act (FCA) Applied to Sales Taxes

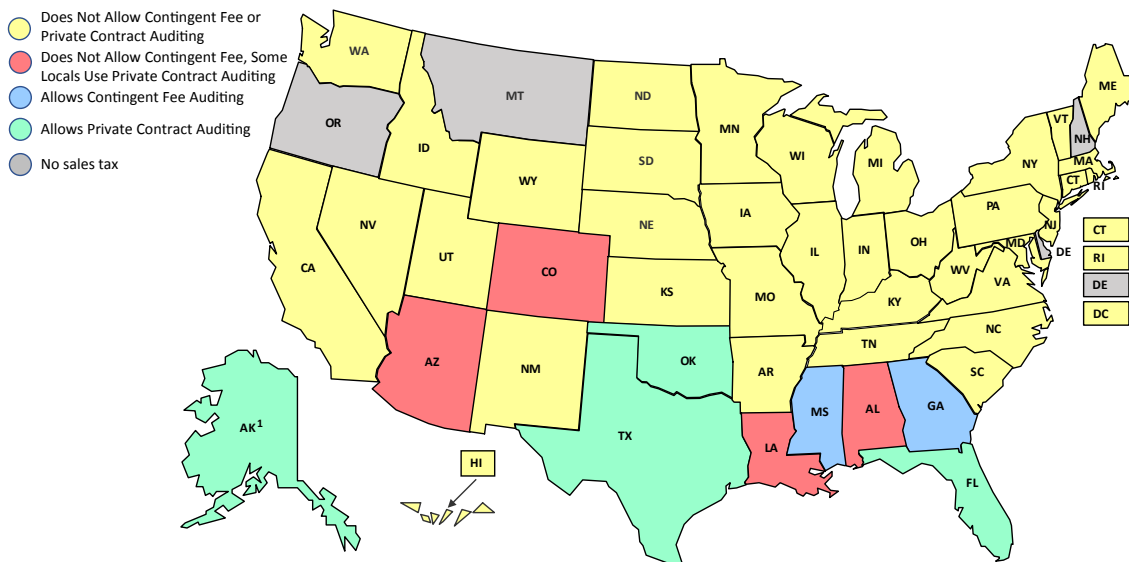


Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

Contingent Fee/Private Contract Auditing



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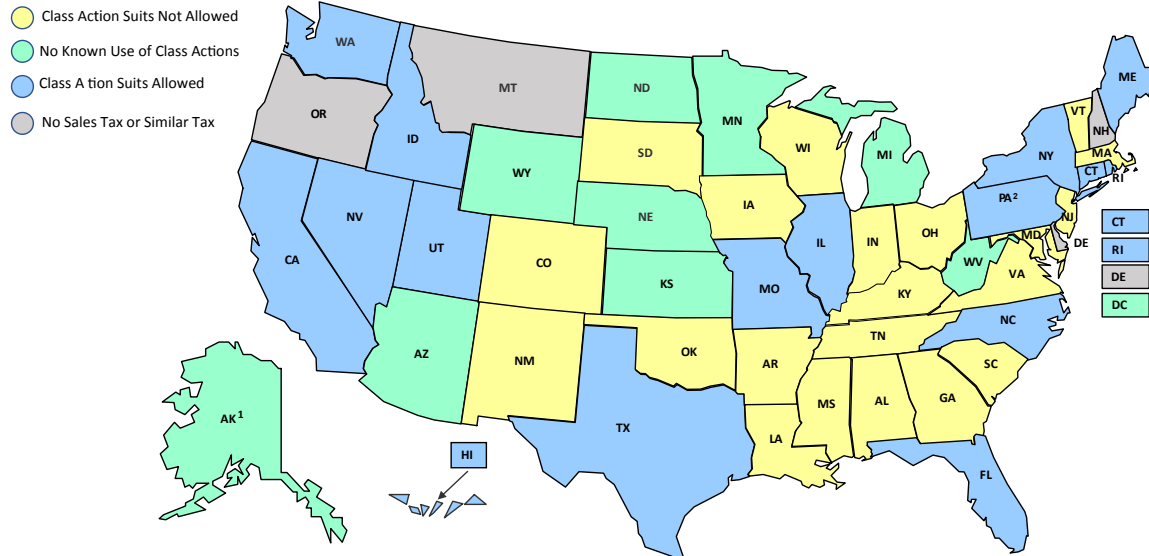
Source: Council On State Taxation (COST)

¹AK - It is unclear if Alaska localities use contingent fee auditing; however, some compliance operations are outsourced (attributed to private contract auditing).

overpayments and underpayments. A state should provide a written process (e.g., a law, regulation, and/or assignment provision) that allows a purchaser to obtain a refund directly from the state in situations where a seller is unwilling or unable to file a refund on behalf of a purchaser. For example, in Nebraska, purchasers can fill out a form to obtain refunds from the state without contacting the seller. Conversely, Florida has no

“Illinois is a poster child of what can go wrong when a state allows both false claims act lawsuits and class action lawsuits instituted by third parties.”

Class Action Suits Applied to Sales Taxes



Disclaimer: This information should be used for general guidance and not relied upon for compliance.

Source: Council On State Taxation (COST)

¹AK - Data is based on local municipalities since Alaska does not have a state-wide sales tax

²PA - Litigation pending in PA using consumer protection law

written process for purchasers to obtain refunds directly from the state. State revenue agencies should also be the only entity authorized to audit taxpayers. False claims acts allowing third parties to allege additional tax due, or class action suits seeking refunds by third-party litigants are inappropriate. Illinois is a poster child of what can go wrong when a state allows both false claims act lawsuits and class action lawsuits instituted by third parties.²⁷

Notably, in 2011, the American Bar Association adopted a model act, the *Transaction Tax Overpayment Act*, to limit the use of class action lawsuits.²⁸ The Act provides procedures purchasers can use to seek a refund of overpayments of state and local taxes and limits a purchaser's ability to assert claims against a seller for an overpayment.²⁹ While no state has adopted the Model Act as of yet, the Multistate Tax Commission in 2015 endorsed the Model Act and "encouraged" states to consider its adoption.³⁰

Other Issues

Certain state tax administration issues do not fit in any of the above categories or are unique to one or just a few states. One such issue is the burdensome requirement of including corporate officers' social security numbers and/or home addresses

on each tax return filed with the state. While this information is useful in situations where a company is insolvent, this is a rare instance and other sources of information are available to tax agencies to obtain this information as needed.

SCORING SYSTEM EXPLANATION

Below is a brief explanation of categories and subcategories reviewed by COST, along with the points structure for each category and the resulting grade for each category. As a general matter across all categories, a greater accumulated point total corresponds to a lower letter grade.

Exemptions for Business Inputs (total of 8 points)

Excessive taxation of business inputs violates the principle that consumption taxes should be imposed only on end-user consumption, and not on intermediate business inputs. The following subcategories were used to evaluate a state's taxation of business inputs:

Percentage of Tax Derived from Business-to-Business Transactions ("B2B"): (two points). A state with a business share of total sales tax of more than 35 percent is assessed one point. A

“Excessive taxation of business inputs violates the principle that consumption taxes should be imposed only on end-user consumption, . . .”

state with a business share of total sales tax of more than 45 percent is assessed two points.³¹

Manufacturing Equipment Exemption: (two points) A state with a true integrated plant exemption is not assessed any points. A state with an exemption for equipment primarily or directly used in manufacturing is assessed one point. A state with a partial tax exemption, limited exemption (*e.g.*, only new equipment), or no exemption is assessed two points.

Manufacturing Inputs/Materials Exemption: (one point) A state that exempts almost all materials and supplies used in the manufacturing process is not assessed any points. A state with a limitation on the inputs/material exemption (*e.g.*, must become part of the manufactured product) is assessed one point.

Service Provider Taxation on Inputs & Outputs: (maximum of two points) A state that both taxes the equipment used by wired and/or wireless service providers and which subjects those services to tax is assessed one point. A state that both taxes the equipment used by cable companies and subjects the service to tax is assessed one point. Lastly, a state that both taxes the equipment used by gas and/or electric service providers and subjects those services to tax is assessed one point. However, a state is assessed a maximum of two points in this category.

Business Inputs – Retail Establishments: (new - one point) A state that imposes its tax on point of sale (POS) terminals, retail store furnishing and fixtures (*e.g.*, shelving), and/or electricity used by retail establishments is assessed one point.

Category Grading: 0-2 points A, 3 points B, 4-5 points C, 6 points D, and 7-8 points F

Taxation of Software and Digital Products (total of 7 points)

Over the last quarter century, the sales taxation of digital commerce has come to the forefront of state taxation. One central problem, however, regarding the sales taxation of digital commerce has been generally ignored or underreported – the extent to which the digital sales tax base includes not only business-to-consumer (B2C) transactions but also business-to-business (B2B) transactions. The following subcategories are used to evaluate a state’s taxation of software and digital products:

Prewritten and Custom Software: (new - two points) A state that taxes prewritten software without providing a business input exemption is assessed one point. A state that taxes custom software without providing a business input exemption is assessed one point.

SaaS: (new - two points) A state that taxes Software as a Service (SaaS), *e.g.*, remote access to software, without clear legislative authority is assessed one point. Also, a state imposing a tax on SaaS without a business inputs exemption is assessed one point.

Data Processing and Digital Information Services: (new - one point) A state that taxes data processing and/or digital informational services without a business inputs exemption is assessed one point.

Specified Digital Products: (one point) A state that imposes a tax on specified digital products (*e.g.*, streaming of books, audio, and audiovisual) without clear legislative authority is assessed one point.

MPU: (new - one point) A state imposing a tax on business purchases of software, SaaS, or any other digital products/services that does not allow apportionment of the tax based on use in a jurisdiction (multiple points of use (MPU)) is assessed one point. While some states have unpublished or inconsistent guidance to allow some use of an MPU, only those states that broadly allow the use of an MPU are given no points. However, a state that taxes only software as tangible personal

property and no other digital products is given no points even though it does not have an MPU.

Category Grading: 0-1 points A, 2 points B, 3-4 points C, 5 points D, and 6-7 points F

“The complexity of sales and use tax administration in the U.S.—with over 10,000 state and local taxing jurisdictions and expanding remote seller commerce—impedes efforts to make sales tax administration simpler ...

Sales Tax Simplification and Uniformity (total of 6 points)

The complexity of sales and use tax administration in the U.S.—with over 10,000 state and local taxing jurisdictions and expanding remote seller commerce—impedes efforts to make sales tax administration simpler and more uniform while preserving a state’s autonomy to tax (or not tax) certain defined products. This year, we expanded this category to address a state’s marketplace facilitator laws and nexus thresholds. The following subcategories are used to evaluate a state’s laws in these three areas:

SSUTA State: (two points) A full member SSUTA state in compliance with the SSUTA is assessed no points. A SSUTA state not in full compliance or with substantial compliance issues (Georgia) is assessed one point. All other states are assessed two points. Note, a state in full compliance with the SSUTA also benefits in other areas of this Scorecard (*e.g.*, exemption certificate administration, current database, and aspects of central administration).

Marketplace Facilitator (MPF) Laws: (new - maximum of three points) A state’s MPF law should clearly exclude advertisers and payment processors, include a waiver provision for certain marketplace sellers to continue to collect the tax, impose the same rights and duties on an MPF

that other sellers have, and shift liability from an MPF to the marketplace seller if the seller provides incorrect or insufficient information. Also, any collection of other taxes and/or fees should be clearly required by the state’s law and not done by administrative fiat. One point is assessed for a deviation from each of these best practices. However, a state is assessed a maximum of three points in this category.

Sales Tax Thresholds: (new - maximum of one point) Remote seller sales tax thresholds should be based on retail sales (excluding sales for resale) or taxable sales. States using “gross” sales are assessed one point as are states using a transactional threshold (*e.g.*, 200 transactions). However, a state is assessed a maximum of one point in this category.

Category Grading: 0-1 points A, 2 points B, 3 points C, 4 points D, and 5-6 points F

“... any collection of other taxes and/or fees should be clearly required by the state’s law and not done by administrative fiat.”

Centralized Sales Tax Administration (total of 5 points)

Over two-thirds of the states allow local jurisdictions to impose a sales tax. If such local taxes are imposed, the number of jurisdictions (based on population) should be reasonable, and the taxes should be centrally administered.

Excessive Local Jurisdictions: (one point) A state with over 50 local tax jurisdictions that, based on the estimated 2021 U.S. Census figures, has an average population-to-jurisdiction ratio of less than 20,000 people is assessed one point.³²

Central Administration: (three points) A state is assessed one point if some or all local jurisdictions administer their sales tax. A state is also assessed one point if the local tax base differs from the state tax base. Lastly, a state is assessed one point if local jurisdictions can exercise other

autonomy in their administration of the tax (e.g., separate appeals).

Current & Historical Rate/Jurisdiction Database: (one point) A state with no local jurisdictions and no tax rate changes in the past five years is assessed no points. A state with tax rate changes in the past five years and/or local jurisdictions that lack a current and historical rate and jurisdictional database is assessed one point.

Category Grading: 0 points A, 1 points B, 2 points C, 3 points D, and 4-5 points F

Fair Sales Tax Processes (total of 6 points)

Sellers should not have excessive burdens imposed on them when purchasers claim exemptions from the tax. Additionally, sellers are required by a state to act as agents in collecting the sales tax from purchasers and should be compensated. Finally, businesses that purchase products and do not know at the time of sale whether those products will be used in a taxable or exempt manner should be able to obtain direct pay permits from the state to self-accrue the tax. The following sub-categories are used to evaluate the fairness of a state's sales tax administration.

Exemption/Resale Certificate: (maximum of two points) A state that does not impose a good faith requirement upon a seller when accepting a certificate (absent fraud), allows at least 120 days on audit to perfect a certificate, allows for the full use of the MTC and/or the SSUTA certificate, and does not require sellers to capture/verify exemption account numbers is not assessed any points. Any state that fails one of the above criteria is assessed one point for each issue, with a maximum of two points.

Seller Compensation: (two points) A state with no seller compensation or *de minimis* compensation (e.g., less than \$1,000 per month or \$12,000 per year) is assessed two points. A state with no local taxes that provides at least 0.5% seller compensation or a state that has local tax jurisdictions with at least 0.75% seller compensation is assessed no points. A state between those two thresholds is assessed one point.

Broad Direct Pay Permit: (one point) A state that does not have a broad direct pay permit issuance (e.g., not limited to specific industries) and/or has a high threshold (e.g., over \$1 million per year) for use of such a permit is assessed one point.

Liability Relief: (one point) A state that does not provide broad liability relief for sellers and purchasers relying on written authoritative guidance from the state's revenue agency is assessed one point.

Category Grading: 0-1 points A, 2 points B, 3-4 points C, 5 points D, and 6 points F

Reasonable Tax Payment/Credit Administration (total of 6 points)

A state should implement reasonable payment procedures and provide full credit for taxes first imposed and legally paid to another state, regardless of whether the state asserts it is imposing a sales or use tax on a transaction.

Advance Payments: (two points) A state that requires no advance payments before the sales tax return due date is assessed no points. A state that has only one advance payment before the sales tax return date is assessed one point, including states that only require the advance payment once a year. A state that requires more than one advance payment per month is assessed two points.

Credit for Sales Tax Paid to Other States: (two points) A state that limits its credit paid to another jurisdiction to tax imposed under its use tax (*i.e.*, no credit if the state revenue agency asserts its sales tax is being imposed) is assessed one point. In addition, a state that limits how it applies the credit (e.g., credit for state tax only or credit limited to state-to-state and local-to-local taxes) is assessed one point.

Periodic Lease Treatment: (one point) A state that accelerates certain types of periodic lease payments (e.g., motor vehicles) and/or continues to tax certain types of periodic leases when the product purchased for the entire lease payment is not located in that state (e.g., continued use of origin-based sourcing) is assessed one point. A

state that does not give full credit to states using such a periodic lease payment structure is also assessed one point. However, a state is assessed a maximum of one point in this category.

Bad Debt Application to Private-Label Credit Cards: (one point) A state with a bad debt provision that does not also apply to private-label credit cards is assessed one point.

Category Grading: 0 points A, 1-2 points B, 3 points C, 4 points D, and 5-6 points F

Fair Audit and Refund Procedures (total of 5 points)

A state should have a written policy that allows taxpayers to reasonably use sampling. A state should allow a purchaser to claim a refund without having to go through a seller. Additionally, the state revenue agency, and not private and/or contingent fee auditors/litigants, should audit taxpayers and make determinations on under or over collected tax. To avoid undermining revenue agencies, false claims acts and class action lawsuits should not apply to state and local sales taxes.

Sampling: (one point) A state that does not have a clear law, regulation, or written policy that allows sampling for taxpayers is assessed one point.

Written Process for Purchaser to Claim Refund Directly from State: (one point) A state that does not have a law or a written process allowing purchasers to claim a refund directly from the state revenue agency is assessed one point.

No Private or Contingent Fee Auditing: (one point) A state that currently uses private and/or contingent fee auditors is assessed one point.

No False Claims Act: (one point) A state that allows false claims acts (*e.g., qui tam* actions) to apply to state and local sales taxes is assessed one point.

Class Action Suits: (one point) A state that allows class action suits to apply to state and local sales taxes is assessed one point.

Category Grading: 0 points A, 1 point B, 2 points C, 3 points D, and 4-5 points F

SCORECARD QUESTIONS AS INITIALLY PRESENTED TO TAXPAYERS, PRACTITIONERS & GOVERNMENT OFFICIALS³³

The questions we initially provided to taxpayers, practitioners, and government officials to evaluate each jurisdiction are provided below.³⁴

Exemptions for Business Inputs

1. Does your State have a manufacturing equipment exemption?
2. Does the exemption cover the entire facility (integrated plant); or provide a more limited exemption (*e.g.*, only equipment used directly in manufacturing)?
3. Does your State exempt manufacturing inputs (*e.g.*, materials, energy and items incorporated, used, and/or consumed in the manufacturing process)?
4. With respect to the following three service industries, Wired and Wireless Telecommunication Service Providers, Cable Service Providers, and Electric and Gas Products/Services, does your State:
 - a. tax the purchase of equipment by the service provider; and
 - b. impose a sales tax or similar excise tax on the provider's services?
5. Does your State exempt the following business inputs purchased by and used at retail establishments:
 - a. point of sale terminals, retail store furnishing and fixtures (*e.g.*, shelving), and electricity?

Taxation of Software and Digital Products

1. Does your State tax purchases of prewritten software and custom software?
 - a. If yes, are business purchases exempt?
2. Does your State impose a tax on digital software used as a service (*e.g.*, SaaS)?

- a. If yes, is there an exemption for these services when purchased by a business?
 - b. If yes, is it based on the enactment of a specific law to tax such software (not an administrative position)?
3. Does your State impose a tax on data processing services, and/or digital informational services?
 - a. If yes, is there an exemption for these services when purchased by a business?
4. Does your State impose a tax on digital products (*i.e.*, digital audio, video, and books)?
 - a. If yes, is the tax on digital products based on the enactment of a specific law to tax such products (not an administrative position)?
5. Does your State have an apportionment process for software used in multiple jurisdictions (*e.g.*, MPU)?

If yes, indicate the methodology used.

Sales Tax Simplification and Uniformity

1. Is the State a full member of the Streamlined Sales and Use Tax Agreement?
2. Does your State's marketplace facilitator law have the following provisions (based primarily on the NCSL model)?
 - a. Advertising platforms and persons whose principal activity is processing payments are excluded from the definition of a marketplace facilitator/provider;
 - b. A waiver/exception to collection is allowed (by approval or automatically) for the marketplace seller to continue to collect the tax under a mutual agreement with a marketplace facilitator/provider (with or without a threshold requirement);
 - c. A marketplace facilitator/provider has the same rights and duties as other sellers in your State; and
 - d. Liability shifts to a marketplace seller if it provides incorrect or insufficient information to the marketplace facilitator/provider.

3. Does your State require marketplace providers to collect other taxes/fees imposed on the transaction at the time of sale; and, if so, are such taxes specifically identified in the State's law (e.g., lodging taxes and/or 911 charges)?
4. What is your State's remote dollar and transaction threshold?
 - a. Are the thresholds based on gross sales, retail sales (excludes sales for resale) or taxable sales?
6. Does your State have a broad-based direct pay provision (*i.e.*, not limited to certain types of manufacturers)?
7. Does your State provide broad liability relief to sellers and purchasers when they rely on the tax agency's guidance, including the rate and boundary database?

Centralized Sales Tax Administration

1. Does your State have local sales tax jurisdictions; and, if so, approximately how many local sales tax jurisdictions are there?
 - a. If yes, is the local sales and use tax centrally administered?
 - b. If yes, do all the local sales tax jurisdictions have to use the same tax base as the state?
2. Does your State provide both a current and historical tax rate and boundary database on its website in a format that can be uploaded for use by sellers in their POS systems?

Fair Sales Tax Process

1. Does your State impose a "good faith" requirement on sellers accepting exemption certificates (e.g., the seller can be held responsible for determining whether a purchaser qualifies for an exemption even if the exemption certificate is properly completed)?
2. Does your State allow a seller at least 120 days during an audit to obtain valid exemption certificates (please provide number of days)?
3. Can multistate exemption certificates (MTC and SSUTA) be used to claim an exemption?
4. Are sellers required to capture and verify exemption account numbers?
5. Does your State provide vendor compensation to some or all sellers?

Reasonable Tax Payment/ Credit Administration

1. Does your State require sellers to make accelerated payments (e.g., payments of the tax prior to the due date of the return)?
 - a. If so, when are the payments required to be made?
2. Does your State provide credit for sales, use, and similar taxes (e.g., motor vehicle excise tax) imposed by another state?
3. Is the credit for another state's tax allowed regardless of whether your state is imposing its sales tax or use tax?
4. Does your State allow a full credit for other states' state, local and similar taxes (e.g., not limited to state-to-state or local-to-local taxes)?
5. Does the credit against sales tax paid include tax paid to another state on accelerated lease payments (e.g., sales tax must be paid upfront for all lease payments)?
6. Does your State have a bad debt provision?
 - a. If yes, is the provision based on IRC Sec. 166?
 - b. Does the bad debt provision apply to private-label credit cards?

Fair Audit and Refund Procedures

1. Does your State have a written policy that clearly allows taxpayers to use sampling to the same extent the tax agency can use it?
2. Does your State prohibit the use of both private- contract auditing and contingent fee auditing?

3. Does your State have a written process that allows purchasers to obtain refunds from the State without going through the seller?
4. Does your State preclude or have a process that curtails the application of a false claims act?
5. Does your State preclude or have a process that curtails the application of class action lawsuits to sales and use taxes?

Other Issues

1. Are officers' SSNs and/or home addresses required on registration forms or returns? If so, is there an exception to that requirement (e.g., for publicly traded companies)?
2. Other issues impacting fair sales tax administration.

Endnotes

- ¹ Karl Frieden is COST's Vice President and General Counsel; Fred Nicely is COST's Senior Tax Counsel; and Priya D. Nair is COST's Legislative Tax Counsel. The authors would like to express their gratitude to Megan Wilson, recipient of the 2021-2022 Georgetown University Law Center Fellowship at COST for her dedicated research on this report.
- ² Since 2001, the Council On State Taxation (COST) has issued scorecards reviewing the states' overall tax administration. More recently, first in 2007 with its issuance of an unclaimed property laws scorecard and in 2009 with its issuance of a property tax administrative scorecard, COST has conducted a more detailed review of administrative practices in select areas of state law. COST Studies (and those of our research arm, the State Tax Research Institute ("STRI")) are available at: <http://cost.org/state-tax-resources/cost-studies-articles-and-reports/>.
- ³ As used in this Scorecard, unless it is clearly meant to be used in a different context, "sales tax" also includes the states' compensatory "use taxes" and states that use nomenclature such as gross receipts, excise or privilege taxes that are the functional equivalent of a sales tax (e.g., the tax has a sale for resale provision). Alaska, Delaware, New Hampshire, Montana, and Oregon are the five states without state-level sales taxes. Note, however, that over 100 local governments in Alaska impose a sales tax and most of these five states have state and local excise taxes on lodging, etc. Alaska's local sales tax system is covered in this edition of the Scorecard.
- ⁴ See EY/STRI/COST "Total State and Local Business Taxes" study issued in December 2022, available at: https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/2209-4097478_50-state-tax-2022-final-e-file.pdf.
- ⁵ The U.S. Supreme Court in *South Dakota v. Wayfair*, 585 U.S. ___ (2018), only addressed the substantial nexus requirements (using an economic or virtual presence standard). The Court remanded the case back to South Dakota to address issues such as undue burdens. Because the case was settled, the undue burdens issue was not addressed.
- ⁶ COST's most recent version of its "Best and Worst of State Tax Administration Scorecard" is available at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/admin-scorecard-final-may-2020.pdf>.
- ⁷ Alaska is excluded from the list of bottom-ranked states due to the unique local nature of its local sales tax system. While Alaska will not be given an overall grade, it is graded on the individual scorecard categories. Alaska's local sales tax system has many deficiencies; however, COST applauds the many local jurisdictions participating in the Alaska Remote Seller Sales Tax Commission.
- ⁸ More information on the SSUTA is available at: <http://www.streamlinedsalestax.org/>.
- ⁹ For example, COST participates in meetings at the National Conference of State Legislatures (NCSL), the Multistate Tax Commission (MTC), and other similar government, quasi-government or public/private organizations. COST also has a policy statement on Congress providing certain states with remote seller collection authority, "Simplification of the Sales, Use, or Similar Transaction Tax System," is available at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/simplification-of-the-sales-and-use-and-similar-transaction-tax-system--final-revised-june-2021.pdf>.
- ¹⁰ Additionally, for the SSUTA states, selected information provided in the disclosed practices on their taxability matrices was used to evaluate those states' administrative practices. Available at: <http://www.streamlinedsalestax.org/otm/>.
- ¹¹ See EY/STRI/COST "Total State and Local Business Taxes" study issued December 2022, available at: https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/2209-4097478_50-state-tax-2022-final-e-file.pdf.
- ¹² Percentages are based on the 2019 EY/STRI/COST Study on the taxation of business inputs, "The impact of imposing sales taxes on business inputs" available at: https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/1903-3073001_cost-ey-sales-tax-on-business-inputs-study_final-5-16.pdf.
- ¹³ *Id.*
- ¹⁴ Most states require any manufactured products not sold and used by the manufacturer in providing services to others to self-remit the tax on those products (which should also be exempt if the service is taxable).
- ¹⁵ States, such as South Carolina, that impose similar "sales taxes" under "communication services" or similar services are also taken into consideration.
- ¹⁶ Non-SSUTA states also have the option to participate in the SSUTA without being full or associate members. Model Act available at: https://www.streamlinedsalestax.org/docs/default-source/miscellaneous/model-act-for-nonmember-state-participation.pdf?sfvrsn=1b4714ce_8.
- ¹⁷ Note, some states use the term marketplace provider instead of facilitator. The two terms are interchangeable.
- ¹⁸ See <http://www.mtc.gov/Resources/Uniform-Sales-Use-Tax-Exemption-Certificate>.
- ¹⁹ See http://www.streamlinedsalestax.org/uploads/downloads/Forms/F0003%20Fill%20in%20Exemption%20Certificate%20Form_9_18_09.pdf.
- ²⁰ See former Section 608 of the Streamlined Sales and Use Tax Agreement.
- ²¹ The PwC 2006 "Retail Sales Tax Compliance Costs" study is available at: http://www.streamlinedsalestax.org/uploads/downloads/JCCS_Part_I_Final_Report_Vol_I_20060407.pdf.
- ²² Even more troubling is recent lobbying for states to go to "real-time remittance" by requiring credit card processors to remit the tax on credit/debit transactions. The myriad of problems with that approach is addressed in COST's Policy Statement "Daily Sales Tax Remittance" available at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/daily-sales-tax-remittance-policy-statement--final.pdf>. See also "Daily Sales Tax Remittance Policy Toolkit" available at: <https://www.cost.org/state-tax-resources/policy-toolkits/daily-sales-tax-remittance-policy-toolkit/>.
- ²³ See *Exxon Corporation v. Wyoming State Board of Equalization*, 783 P.2d 685 (Wyo. 1989).
- ²⁴ See *Comptroller of the Treasury of Maryland v. Wynne*, 135 S.Ct. 1787 (2015) and *Matkovich v. CSX Transportation*, 793 S.E.2d 888 (W. Va. 2016); cert. denied *Steager v. CSX Transp., Inc.*, No. 16-1251 (2017).
- ²⁵ This Scorecard does not address issues arising when states impose their sales tax on motor vehicles to be titled in another state based on the lower of the taxing state's tax rate or the state where the vehicle will be titled.
- ²⁶ See William F. Fox, "Sales Tax Policy Considerations for Private Label Credit Card Defaults" (State Tax Research Institute; 2015) for more detail. Available at: <http://cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/sales-tax-policy-considerations-for-private-label-credit-card-defaults.pdf>.

- ²⁷ See Taxpayers' of Federation of Illinois, *Tax Facts*, December, 2018, available at: <https://www.illinoistax.org/wp-content/uploads/2018/12/December-2018-Tax-Facts.pdf>.
- ²⁸ American Bar Association, *Transaction Tax Overpayment Act* (Feb. 2011). Available at: <https://www.americanbar.org/content/dam/aba/administrative/taxation/policy/papers/model-transaction-tax-overpayment-act.pdf>.
- ²⁹ *Id.*
- ³⁰ Multistate Tax Commission, *Resolution No. 2015-02: Resolution Recommending to States the ABA Model Transactional Tax Overpayment Act* (July 2015), available at <https://www.mtc.gov/The-Commission/Policy-Statements-Resolutions>. The 2015 resolution was set to expire at the MTC's 2020 Annual Business Meeting. In 2020, the MTC updated the resolution to extend it for five years. See Multistate Tax Commission, *Resolution No. 2020-1: Resolution Recommending All Tax Issues Be Specifically Carved Out of State False Claims Acts* (July 2020) available at: <https://www.mtc.gov/The-Commission/Policy-Statements-Resolutions>.

- ³¹ Percentages are based on the 2019 EY/STRI/COST Study on the taxation of business inputs, "The impact of imposing sales taxes on business inputs" available at: https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/1903-3073001_cost-ey-sales-tax-on-business-inputs-study_final-5-16.pdf.
- ³² The number of local jurisdiction data was obtained from Avalara. The population data was obtained from 2021 U.S. Census Bureau data.
- ³³ This Scorecard could not have been completed without the assistance of the state tax administrators and practitioners that responded to our questionnaires. The uncompensated time they put into reviewing our analysis of each state's sales tax law and providing us with feedback is deeply appreciated. Additionally, COST members provided comments to finalize this Scorecard.
- ³⁴ Note, not all the questions were used in the final version of this Scorecard.

Combined Sales Tax

Alabama

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 35%.</p> <p>Mfg. equipment taxed at reduced 1.5% rate. Most local rates also reduced. AC § 40-23-2(3).</p> <p>Mfg. inputs exemption limited to materials that become an ingredient or component part of the finished product. AC §§ 40-23-1(a)(10), 40-23-60(5).</p> <p>Wired and Wireless Equip.: taxed w/reduced rate of 1.5%, depending on use. AC §§ 40-23-2(3), -61(b); AAC r.810-6-5-.36.01(4).</p> <p>Both services taxed at consumer level. AC §§ 40-21-82(b), -121.</p> <p>Cable Service: Equip.: taxable; however broadcasting equip. has reduced 1.5% rate. AAC r.810-6-2-.98 & 810-6-1-.04(2). Services not taxed. AC § 40-23-1(a)(6).</p> <p>Electric and Gas: Equip.: Taxable w/reduced rate. AAC r.810-6-2-.101. Both services taxed at consumer level. AC §§ 40-21-82 et seq., -100 et seq.</p> <p>Retail Est.: electricity, POS & F&F: taxable. AC § 40-21-82. - 102.</p>	<p>Prewritten and custom software is taxable. AAC § 810-6-1-.37, Ex Parte Russell County Comm. Hospital, 291 So. 3d 52, (Ala. 2019). No business exemption.</p> <p>SaaS: Unknown. No guidance. If tax applies, not done with clear statutory authority. No business exemption.</p> <p>Data processing & info services are not taxed. AC § 40-23-1.</p> <p>Digital Products taxed with unclear statutory authority based on TPP. AAC § 810-6-1-.37.</p> <p>No MPU.</p>	<p>Not a SSUTA member. MPF law: (1) no exclusions for advertisers or payment processors; (2) no waiver provision; (3) MPF does not have the same rights and duties as other sellers; and (4) no provision that shifts liability to a marketplace seller if it provides incorrect or insufficient information. AC § 40-23-199.2.</p> <p>MPFs are not required to collect other taxes. AC §§ 40-23-191, -199.2.</p> <p>Threshold: \$250,000 based on retail sales (based on activities listed in AC § 40-23-68;</p> <p>AAC § 810-6-2-.90.03); Sales and Use Tax Guidance for Online Sellers Use Tax FAQs.</p>	<p>822 local sales tax jurisdictions; ratio of 6,100.</p> <p>Some central admin., but most local jurisdictions either self-administer or contract out that function. In addition, some locals don't use the state appeals process. AC §§ 11-3-11.2(a), 11-51-200 et seq.</p> <p>Generally, same base, but some locals have different tax base. AC § 11-51-201(a).</p> <p>Website has current and historical tax rates and boundary database. http://revenue.alabama.gov/salestax/staterates.cfm.</p>	<p>"Good faith" req. imposed when accepting certs. AAC § 810-6-5-.02(13). No 120-day provision for sellers to obtain valid certs. on audit.</p> <p>MTC exemption cert. may be used.</p> <p>Sellers must annually capture/verify exemption account numbers; AAC r.810-6-4-.10.</p> <p>Vendor comp.: 5% of the first \$100 tax due, and 2% of remaining tax due (capped at \$400 per month). AC § 40-23-36; AAC r.810-6-4-.03.</p> <p>Direct pay permits limited to certain industries, includes mfg., transportation, and mining. AC § 40-23-31; AAC r.810-6-4-.14.</p> <p>Limited liability relief to sellers or purchasers relying on published DOR guidance.</p>	<p>Adv. payment if vendor's average monthly state sales tax liability > \$5,000 during the preceding calendar year. AC § 40-23-7(C); H.B. 82 (2022 Laws). Due w/ tax return on or before the 20th day of the month.</p> <p>Allows credit for other states' taxes; however, limited to AL's use tax. AC § 40-23-65; Full credit for other states' state and local taxes. AAC § 810-6-5-.04.</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. AC § 40-27-1, Art. V.</p> <p>Bad debt provision does not apply to private-label credit cards. Wells Fargo Fin. v. ADOR, 19 So.3d 892 (Ala. Civ. App. 2008).</p>	<p>No written policy allowing taxpayers to use sampling.</p> <p>Contingent fee auditing is prohibited by statute. Many locals use private contractor auditing firms. AC § 40-2A-6.</p> <p>Purchasers can obtain refunds from state and local governments; AC § 40-24-7.</p> <p>False claims act excludes taxes.</p> <p>Class action suits not allowed; <i>Patterson v. Gladwin Corp.</i>, 835 So. 2d 137 (Ala. 2002).</p>

Alaska

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: unknown.</p> <p>Mfg. equipment generally taxable, with local differences.</p> <p>In general, limited mfg. input exemption. Each ARSSTC member has a resale exemption which only exempts materials or other goods that are incorporated in the final manufactured item.</p> <p>Wired and Wireless: Equip.: taxed by all ARSSTC members. Otherwise, no specific exemption.</p> <p>Services: Varies, most ARSSTC members tax these services.</p> <p>Cable Service: Equip.: Varies by locality. Services: Varies by locality. Most ARSSTC members tax these services.</p> <p>Electric and Gas: Equip.: taxed by ARSSTC members. Services: Varies by locality.</p> <p>Retail Est.: electricity, POS & F&F: taxable.</p>	<p>Prewritten and custom software taxed by ARSSTC members. No business exemption.</p> <p>SaaS: Taxed by all ARSSTC members as a service. No business exemption.</p> <p>Data processing & info services taxed by ARSSTC members. No business exemption.</p> <p>Digital products taxed by all ARSSTC members. Tax based on broad definition of "property" which includes both tangible and intangible property.</p> <p>No MPU.</p>	<p>Not a SSUTA member.</p> <p>MPF law (ARSSTC members); (1) no exclusions for advertisers or payment processors; (2) no waiver provision; (3) MPF has the same rights and duties as other sellers; and (4) no provision that shifts liability to a marketplace seller if it provides incorrect or insufficient information.</p> <p>ARSSTC members do not require MPFs to collect other taxes.</p> <p>Threshold: \$100,000; or 200 transactions based on gross sales. ARSSTC hrefs://arsstc.org/wp-content/uploads/2020/02/ARSSTC-Notice.pdf.</p>	<p>107 local tax jurisdictions, ratio of 6,600.</p> <p>Taxes are not centrally administered. However, sales tax on remote sales are centrally administered for ARSSTC members.</p> <p>Localities have different tax bases.</p> <p>No statewide historical rate or boundary database.</p>	<p>"Good faith" req. can be imposed when accepting certs., no 120-day provision for sellers to obtain valid certs. on audit.</p> <p>ARSSTC does not address acceptance of SSUTA or MTC certs.</p> <p>Sellers are required to capture/ document exemption numbers.</p> <p>Compensation varies by locality.</p> <p>No direct pay.</p> <p>ARSSTC members provide liability relief to sellers and purchasers relying on local guidance.</p>	<p>No advance payments required by ARSSTC members.</p> <p>Credit only applies to use tax. ARSSTC members apply credit to other states' state and local taxes. AS §§ 29.45.650(c), 29.45.700.</p> <p>Unknown if ARSSTC members allow credit against accelerated lease payments.</p> <p>Most ARSSTC members have a bad debt provision, but it does not apply to private label credit cards.</p>	<p>No written policy for sampling.</p> <p>ARSSTC outsources compliance.</p> <p>Limited, a purchaser can contact the ARSSTC to facilitate a refund of sales tax a remote seller paid in error.</p> <p>False claim act does not apply to sales taxes.</p> <p>No known class action suits allowed.</p>

Arizona

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 33%.</p> <p>Mfg. equip. exemption limited to M&E directly used in mfg. ARS §§ 42-5061(B)(1), 5159(B)(1).</p> <p>Mfg. inputs exemption limited to TPP directly entering (physically incorporated) into products. ARS §§ 42-5061(V)(4), -5159(A)(4); AAC R 15-5-122.</p> <p>Wired and wireless Equip.: exempt. ARS § 42-5064, -5061(B)(3). Both services are taxed at consumer level. ARS § 42-5064(A).</p> <p>Cable Service: Equip.: taxable. ARS § 42-5061(B)(15)(a). Services are not taxed. ARS § 42-5064(A).</p> <p>Electric and Gas: Equip.: Electric/gas partially taxable (electric distribution taxable). ARS §§ 42-5061(B)(4), &(B)(7). Services, electricity/gas taxed, except qualified mfg. or smelters. ARS §§ 42-5063(A), (C).</p> <p>Retail Est.: electricity, POS & F&F: taxable. ARS § 42-5063.</p>	<p>Prewritten computer software is taxable. No business exemption. ARS §§ 42-5061, -5071. Custom computer software is not taxed. ARS § 42-5061(A)(1). Arizona Transaction Privilege Tax Ruling No. 93-48.</p> <p>SaaS: DOR asserts SaaS is taxable as TPP. No business exemption.</p> <p>Arizona Taxpayer Information Ruling No. LR11-011; ADP, LLC v. Arizona Dept. of Revenue, No. 926, TX2018-000246 (Ariz. Tax Ct. July 2, 2021).</p> <p>Data processing services are not taxable. ARS § 42-5061. DOR takes an aggressive position that some digital information services are taxable. No business exemption. ARS § 42-5061.</p> <p>DOR asserts digital products are the sale or rental of tangible personal property. ARS §§ 42-5061, -5071.</p> <p>No formal MPU provision. ARS § 42-5040.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) partial exclusion for payment processors (ARS § 42-5001); (2) no waiver provisions (ARS § 42-5044(A)); (3) MPF has the same rights and duties as other sellers (ARS § 42-5001); (4) provision allows liability to shift to a marketplace seller that provides incorrect or insufficient information (ARS § 42-5043).</p> <p>MPFs are not required to collect other taxes; ARS § 44-1302(A); AZ DOR, Transaction Privilege Tax: New TPT law for remote sellers and MPFs.</p> <p>Threshold: \$100,000 based on gross sales.</p> <p>ARS § 42-5044(A).</p>	<p>120 local sales tax jurisdictions; ratio of 60,600.</p> <p>Central administration of the local taxes; however, locals can conduct audits. ARS § 42-6001(A). Each municipality determines its tax base but must post changes in the Model City Tax Code maintained by DOR. ARS §§ 42-6002(A), -6053.</p> <p>Website has current and historical tax rates but no boundary database. https://www.azdor.gov/TransactionPrivilegeTax(TPT)/Whats-New/tabid/421/cmd802/arch/Default.aspx.</p>	<p>"Good faith" req. imposed when accepting certs. ARS § 42-5009(O); Arizona Transaction Privilege Tax Procedure TPP 17-1. No 120-day provision for sellers to obtain valid certs. on audit.</p> <p>Limited use of MTC exemption certs. for resale (otherwise, it may not be accepted as an exemption cert.).</p> <p>Sellers must capture/verify exemption account numbers. ARS § 42-5022.</p> <p>Vendor comp.: 1% of tax due (for paper filers; capped at \$10,000 per calendar year), 1.2% of tax due (for electronic filers capped, capped at \$12,000 per calendar year). ARS § 42-5017(A).</p> <p>Direct pay allowed to persons purchasing \$500,000 or more of TPP per year. ARS § 42-5167(A).</p> <p>Limited liability relief.</p> <p>Arizona Transaction Privilege Tax Procedure GTP 08-1.</p>	<p>Adv. payment for sellers owing over \$3.1M per year in 2022, \$4.1 per year in 2023 and thereafter. Payments due each June. ARS § 42-5014(D).</p> <p>Credit limited to use tax. Credit provided for other states' state & local taxes. ARS § 42-5159(2)</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. AAC R 15-5-1503(H).</p> <p>Bad debt provision does not generally apply to private-label credit cards. AAC R 15-5-2011(A); Home Depot USA, Inc. v. Arizona Dep't of Revenue, 230 Ariz. 498, 287 P.3d 97 (Ct. App. 2012).</p>	<p>Statistically valid sampling method allowed during an audit (limited). ARS § 42-1108(A).</p> <p>Contingent fee auditing is prohibited. Some local jurisdictions use private-contract auditing. ARS § 42-1004(B)(3).</p> <p>Purchasers cannot obtain refunds w/out going through the seller. AAC R 42-1118(E).</p> <p>False claims act excludes tax claims.</p> <p>No known use of class action suits. See Karbal v. Arizona Dep't of Revenue, 215 Ariz. 114, 158 P.3d 243 (Ct. App. 2007).</p>

Arkansas

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 38%.</p> <p>Mfg. equip. exemption limited to M&E directly used in mfg., including certain inputs (steam, power, polt. control, etc.). AC §§ 26-52-402(a)(1)(A), (a)(3)(A).</p> <p>Mfg. inputs exemption includes materials "recognizable integral part" of finished products, chemicals, catalysts, reagents and solutions consumed or used in the mfg. process, including electricity, gas, and coal; except a .625% levy on energy. AC §§ 26-52-319, -401(1)(2)(B).</p> <p>Wired and Wireless Equip. taxable. AC § 26-53-108(b). Both services are taxed at consumer level. AC § 26-52-315.</p> <p>Cable Service: Equip.: taxable. Services are taxable at consumer level. AC §§ 26-52-315(a), -301(3)(c).</p> <p>Electric and Gas: Equip. partially taxable (gas/electric dist. taxable). AC §§ 26-52-108, -402. Services are taxed, except mfg.</p> <p>Retail Est.: electricity, POS & F&F: Taxable.</p>	<p>Prewritten software is taxable, but not if delivered electronically. No business exemption. Rule GR-25. Custom software is not subject to tax. AC §§ 26-52-304(a), 26-53-109; Rule GR-25.</p> <p>SaaS is not taxable. AC § 26-52-304(a)(1)(B)(iii)(b).</p> <p>Data Processing & info services are not taxable. AC § 26-52-301.</p> <p>Tax imposed on specified digital products based on statutory provision. AC §§ 26-52-103(34), 26-52-301(1)(B), (3)(C)(iii).</p> <p>No MPU necessary.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exclusions for payment processors and advertisers (AC § 26-52-103(2)(1)); (2) no waiver provisions (See AC § 26-52-111); (3) MPF has the same rights and duties as other sellers (AC § 26-52-103); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (AC § 26-52-111).</p> <p>MPFs are not required to collect other taxes.</p> <p>See Opinion 20190925 (Aug 20, 2020).</p> <p>Threshold: \$100,000 or 200 transactions based on taxable sales AC § 26-52-111(a); AR Remote Seller FAQs: Remote Sellers.</p>	<p>437 local sales tax jurisdictions; ratio of 6,900.</p> <p>Central admin. of the local taxes. Locals have same tax base. AC §§ 26-74-212(a), -407.</p> <p>Website has current and historical tax rates and a boundary database.</p> <p>https://www.dfa.arkansas.gov/images/uploads/excisetaxOffice/TaxRateFile.txt</p>	<p>No "good faith" req. imposed when accepting certs. AC § 26-21-107; AC r.79(E)(2). Sellers allowed at least 120 days to obtain valid certs. on audit. AC r.79(E)(4).</p> <p>MTC & SSUTA exemption certs. may be used. AC r.79(F)(1)(a).</p> <p>Sellers not required to capture/verify exemption account numbers.</p> <p>Vendor comp.: 2% of tax due (capped at \$1,000 per month). Separate caps for local collections. AC § 26-52-503.</p> <p>Broad-based direct pay provision. AC § 26-52-509(a)(1).</p> <p>Tax liability relief for sellers and purchasers relying on DFA written guidance. AC § 26-21-106, Rule GR-75</p>	<p>Sellers with > \$200,000 in sales per month must make bimonthly advance payments (amounting to 80 percent of tax due). AC § 26-52-512; AC r.77(D).</p> <p>Credit limited to use tax (limitations for motor vehicles). AC § 26-53-131(a)(1). Full credit for other states' state and local taxes.</p> <p>No accel. lease payments. Credits other states' tax on accelerated lease payments. AC § 26-5-101, Art. V., 26-53-131; Rule UT-12.C.</p> <p>Bad debt provision does not apply to private-label credit cards. AC §§ 26-52-309, 26-53-111.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing. AC §26-18-303</p> <p>Purchasers can obtain refunds by going through seller to secure a vendor assignment. AC § 26-18-507, AC r.81.1.</p> <p>False claims act excludes tax claims. AC § 20-77-901 et seq.</p> <p>Class action suits not allowed. <i>State Dept. of Fin. & Admin. v. Tedder</i>, 932 S.W.2d 755 (Ark. 1996).</p> <p>Other issue</p> <p>Local lodging taxes subject to class action suits, <i>Hotels.com, L.P. v. Pine Bluff Advertising and Promotion Com'n</i>, 2013 Ark. 392.</p>

California

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 39%.</p> <p>Mfg. equipment taxable w/reduced 3.3125% rate, limited to TPP purchased for use primarily in any stage of mfg. CRTc § 6377.1(a)(1). 18 CCR § 1525.4.</p> <p>Partial mfg. inputs exemption limited to TPP purchased for primary purpose of incorporating it into a manufactured article. 18 CCR § 1525(b).</p> <p>Wired and Wireless Equip.: taxable. Wired services not taxed. Surcharges apply. Wireless services subject to utility taxes. CRTc §§ 6006, 42100.</p> <p>Cable Service: Equip. taxable. Services not taxed, but local utility taxes may apply. CRTc § 6006.</p> <p>Electric and Gas: Equip. taxable w/limited exemptions (electric lines, poles, towers, & conduits). CRTc § 6016.5. Electricity/gas subject to excise taxes & surcharges. CRTc § 6353.</p> <p>Retail Est.: Electricity subject to utility user taxes. CRTc § 6353; POS & F&F taxable.</p>	<p>Prewritten software is taxable, but not if it is delivered electronically. No business exemption. Custom software is not taxable. CRTc § 6010.9; 18 CCR § 1502.</p> <p>SaaS is not taxable. 18 CCR § 1502; California Department of Tax and Fee Administration Sales and Use Tax Audit Manual, Chapter 4</p> <p>Data Processing & info services are not taxable. CRTc § 6006</p> <p>No tax imposed on digital products. CRTc § 6006; Pub. 109, Internet Sales (December 2021) https://www.cdffa.ca.gov/forms-pubs/pub109.</p> <p>No MPU necessary.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) partial exclusions for advertisers (CRTc §§ 6041.1., 6041.5); (2) no waiver provisions; (3) MPF has the same rights and duties as other sellers (CRTc § 6042); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (CRTc § 6046).</p> <p>Beginning January 1, 2022, MPFs are required to collect and remit other taxes by statute. CRTc § 6041.2.</p> <p>Threshold: \$500,000 of gross sales. CRTc § 6203(c)(4); Use Tax Collection Requirements Based on Sales into California Due to the Way/fair Decision.</p>	<p>434 local sales tax jurisdictions; ratio of 90:400.</p> <p>Yes. Central admin. of local taxes. CRTc §§ 7202(d), 7270. Locals have same tax base. CRTc §§ 7202(b), (c).</p> <p>Website has current and historical tax rates but no boundary database. However, CDITFA offers a tax rate lookup tool by address (GIS) at: https://maps.cdffa.ca.gov</p>	<p>"Good faith" req. imposed when accepting certs. 18 CCR §§ 1667(b)(1), 1668(c); CRTc § 6421(a); Sales and Use Tax regulation 1667(b)(1). No 120-day provision for sellers to obtain valid certs. on audit. 18 CCR §§ 1667(b)(2), 1668(e).</p> <p>Limited use of MTC exemption certs. for resale (otherwise, it may not be accepted as an exemption cert.).</p> <p>Sellers not required to capture/verify exemption account numbers. Sales and Use Tax reg. 1667(c)(1).</p> <p>No vendor comp.</p> <p>Direct pay limited to applicants with TPP sales totaling at least \$75M per quarter. 18 CCR § 1699.5(a).</p> <p>Tax liability relief for sellers and purchasers relying on DTFA guidance. 18 CCR § 1705. CRTc § 6596.</p>	<p>Sellers with a monthly estimated tax >\$17K must make advance payments. CRTc §§ 6452, 6471. Prepayments are due on or before the 24th day of the following month. CRTc § 6472.</p> <p>Credit limited to use tax. Full credit for other states' state and local taxes. CRTc § 6406.</p> <p>No accel. lease payments but continues tax on certain lease payments using origin location. No credit against other states' tax on accel. Lease payments. 18 CCR § 1660(c)(8); CRTc § 6406.</p> <p>Bad debt provision applies to private-label credit cards. CRTc §§ 6055(a), (b), 6203.5(a). Regulation 1642.</p>	<p>No written policy for taxpayers to use sampling, but may allow it for managed audits. CRTc § 7076 et. seq.</p> <p>No current contingent fee or private-contract auditing. CRTc § 7087.</p> <p>Purchasers can only obtain use tax (not sales tax) refunds from state w/out going through the seller. CRTc § 6901.</p> <p>False claims act excludes tax claims. CGC § 12651(f).</p> <p>Limited. written auth. required to be part of class action suit.</p> <p>CRTc § 6904(b); Loefler v. Target Corp., (2014) 58 Cal.4th 1081; City of San Jose v. Super. Ct., 525 P.2d 701 (Cal. 1974).</p>

Colorado

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 42%.</p> <p>Mfg. machinery exemption limited to machinery used directly and predominantly in mfg. of TPP, with 1 + yr. useful life, costing \$500+. CRS § 39-26-709. Some local jurisdictions do not provide any mfg. machinery exemption.</p> <p>Mfg. inputs generally exempt to the extent inputs enter into the processing of or becoming an ingredient or component part of the product. CRS §§ 39-26-102(20)(a), (21)(a).</p> <p>Wired and Wireless Equip.: generally, taxable (limited refund available to broadband providers). CRS § 39-26-129. Intrastate telephone services taxed. CRS §§ 39-26-104(1)©, -105(1)(a).</p> <p>Cable Service: Equip.: taxable. Cable services not taxed at state level, but some locals tax. CRS § 39-26-105.</p> <p>Electric and Gas: Equip.: generally taxable, w/ equipment used to produce energy from renewable sources is exempt. CRS § 39-26-724. Both taxed for comm. use. CRS § 39-26-104.</p> <p>Retail Est.: electricity, POS & F&F: taxable.</p>	<p>Prewritten software for State and State-administered local jurisdictions is taxable, but not if delivered electronically. Most home-rule cities tax all pre-written software. No business exemptions. Custom software is not taxed by the State or State-administered local jurisdictions. Many home-rule cities tax custom software. No business exemptions. CRS §§ 39-26-104, -102(15)(c).</p> <p>No tax on SaaS by State or State-administered local jurisdictions. Many home-rule cities tax SaaS. No business exemption. CRS § 39-26-102(15)(c).</p> <p>Data processing and digital information services are not taxable by the State or State-administered local jurisdictions. However, some home-rule cities, such as Denver, tax these services. No business exemption. 1 CCR § 201-5:SR-40; DRMC § 53-54(a)(6).</p> <p>Digital goods taxed as TPP. See CRS § 39-26-102(15)(b.5). Many home-rule cities also impose tax. Allows MPU. CRS § 39-26-102(15)(c)(IV).</p>	<p>Not a SSUTA member. MPF Law: (1) limited exemption for advertisers (CRS § 39-26-102(5.9)(b)); (2) no waiver provisions; (3) MPF has the same rights and duties as other sellers (CRS § 39-26-105(1.5)); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (CRS § 39-26-105(1.5)).</p> <p>MPFs are required to collect other taxes. CRS §§ 29-25-112(3), 39-26-715(1)(b), 29-11-102.5(3)(a), 39-28.8-201, 40-17.5-104, 43-4-218(6)(a); SB21-154; SB21-260.</p> <p>Threshold: \$100,000 based on retail sales. CRS § 39-26-102(3)(c); CCR § 39-26-102(3).</p>	<p>334 local sales tax jurisdictions (including 70 home-rule cities); ratio of 17,400. Home-rule local taxes are not centrally administered. Most home-rule localities define their own tax base. Colo. Const. State-administered localities have the option to tax certain property and services exempt from state sales tax. CRS §§ 29-2-105(1)(d)(i).</p> <p>Businesses may look up the specific sales tax rate for an address or map location at: https://colorado.ttr.services/. Limited rate history is available in this application. If supported by the retailer's system, the GIS information can be accessed through an API.</p>	<p>"Good faith" req. imposed when accepting certs. DR 0563 (08/13); 1 CCR § 201-4, Rule 39-26-105-3. No 120-day provision for sellers to obtain valid certs. on audit.</p> <p>MTC and SSUTA exemption certificates usable for taxable goods, but not for resale. CO GIL 13-006.</p> <p>Sellers must capture and verify exemption account numbers at the time of sale. GIL 12-006, 1 CCR § 201-4, Rule 39-26-105-3, paragraph (2)(a).</p> <p>Vendor comp. of 4.0% is limited to \$1,000 per filing period. However, no vendor comp. for any retailer with > \$1 million of taxable sales during the filing period. Vendor comp. for state-administered and home-rule local jurisdictions varies. CRS §§ 39-26-105(1)(d)(i), (iv).</p> <p>Direct pay limited to applicants making > \$7M taxable annual purchases, plus other statutory requirements. CRS § 39-26-103.5(1).</p> <p>Limited tax liability relief if rely on GIS data for rate and jurisdiction info. CRS § 39-26-105.3.</p>	<p>No advance payments. Credit limited to use tax. CCR § 39-26-71 3.2(F). Full credit for other states' state and local taxes. CCR § 39-26-71 3.</p> <p>No accel. lease payments but continues tax on certain lease payments using origin location. Unclear if credit provided other states' tax on accel. lease payments.</p> <p>Bad debt provision does not apply to private-label credit cards. CRS § 39-26-102(5); CCR §§ 39-26-102(5)(a)(4), -111.</p> <p>Other Issues</p> <p>2022 leg. imposes unclear criminal penalties for underpayments. H.B. 22-1118 (2022 Laws).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No contingent fee auditing; however, State and many home-rule locals use private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/ out going through the seller. https://www.colorado.gov/pacific/sites/default/files/Sales90.pdf.</p> <p>False claims act does not apply to taxes. CRS § 26-1-127 et seq.</p> <p>Class action suits not allowed. CRS § 39-26-703(2-5)(c).</p>

Connecticut

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax: 39%.</p> <p>Mfg. equip. exemption limited to machinery used directly in mfg. CGS § 12-412(3-4); 50% exemption for M&E used primarily in mfg, processing, or fabricating. CGS § 12-412i.</p> <p>Mfg inputs exemption limited to materials, tools, and fuels used directly in an industrial plant in the fabrication of a finished product. CGS § 12-412(18). 50% exemption for materials, tools, and fuels otherwise consumed in mfg. CGS § 12-412i.</p> <p>Wired & Wireless Equip.: partially taxable. CGS § 12-412(112). Both services taxed. CGS § 12-407(a)(2)(K).</p> <p>Cable Service Equip.: partially taxable. CGS § 12-412(112); services are taxed. CGS §§ 12-407(a)(2)(A), (a)(2)(L).</p> <p>Electric and Gas Equip.: partially taxable. CGS § 12-412; both taxed for commercial users. CGS § 12-412(3).</p> <p>Retail Est.: electricity, POS & F&F: taxable; CGS § 12-412(3).</p>	<p>Prewritten software is taxed; custom software not taxed; No business exemption, but electronically delivered taxed at 1% rate.</p> <p>SaaS: taxed by statute. CGS § 12-407(a)(13). No business exemption, but taxed at reduced 1% rate.</p> <p>Data processing and information services taxed under computer and data processing. No business exemption, but those services are taxed at 1%, w/ no CGS § 12-407(a)(37)(A).</p> <p>Digital products taxed by statute; see CGS § 12-407(a)(13).</p> <p>No MPU.</p>	<p>Not a SSUTA member.</p> <p>MPF law: (1) no exclusions for payment processors and advertisers (CGS § 12-408e); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (CGS § 12-407); (4) no provision for shifting liability to marketplace seller providing incorrect or insufficient information. CGS § 12-408e</p> <p>MPFs are required to collect other taxes by statute; E911 fee. CGS § 12-408e, 12-407; CT DOR, OCG-8</p> <p>Threshold: \$100,000 and 200 transactions based on retail sales; CGS § 12-407(a)(12)(G).</p>	<p>No local sales tax jurisdictions.</p> <p>Website has current tax rate and no tax rate change w/ past 5 years. http://askdtr.ct.gov/scripts/drsrightnow.cfg/php.exe/enuser/std_adp.php?p_faaid=398.</p>	<p>"Good faith" req. imposed when accepting certs; No 120-day provision for sellers to obtain valid certs, on audit. CGS § 12-410(2).</p> <p>Limited use of MTC exemption certs.</p> <p>Sellers must capture registration numbers, but no verification requirement.</p> <p>No vendor comp.</p> <p>Direct pay allowed when "sufficient volume" of purchases justify the expense of audits; CGS § 12-409a.</p> <p>No tax liability relief for sellers and purchasers relying on DOR guidance.</p>	<p>No advance payments.</p> <p>Credit limited to use tax.</p> <p>Full credit for other states' state and local taxes. CGS § 12-430(5)</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments. Policy Statement 96(10).</p> <p>Bad debt provision does not generally apply to private-label credit cards. CGS § 12-408(2)(B); CAR § 12-408-1(d).</p>	<p>No written policy for taxpayers to use sampling, but may allow it in managed audits. CGS § 12-420c(a)(2). PS 98(5), Sales and Use Tax Refund Policy.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain seller's written assignment of refund claim to obtain a refund. Policy Statement 98(5). Sales and Use Tax Re-fund Policy.</p> <p>False claims act does not apply to taxes. CGS § 53-440 et seq.</p> <p>Some class action suits allowed. See <i>Ferrie v. DirecTV, LLC</i>, 3:15-CV-409 (JCH), 2016 WL 183474 (D. Conn. Jan. 12, 2016).</p>

District of Columbia

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
B2B Sales Tax Percentage: 42%. Mfg. equip. taxable. DCC § 47-2002. Mfg. inputs exemption limited to inputs used or incorporated into other TPP for sale. DCC §§ 47-2001(n)(1), -2005(11) and (11A)(A) and (B). Wired and Wireless Equip.: exempt. DCC §§ 47-2005(5)(B), (C). Both services are taxed. DCC §§ 47-2001(n)(1)(G), -2002, -3902. Cable Service: Equip. exempt. DCC § 47-2005(5)(D). Services taxed. DCC § 47-2005(26). Electric and Gas: Equip.: exempt. DCC §§ 47-2501, -2005(5)(A). Both services are taxed. DCC §§ 47-2001(m)(1)(D), -2005(11), -2005(24). Retail Est.: electricity, POS & F&F: taxable.	Prewritten and custom software are taxed. DCMR 9 § 474.4; D.C. Office of Tax & Revenue, Taxation of Digital Goods in the District of Columbia (Jan. 2019). No business exemption. SaaS: Tax imposed by statute on SaaS. No business exemption. DCC § 47-2001(n)(1)(N); DCMR 9 § 474.4; DCC § 47-2001(d-1); D.C. Office of Tax and Revenue, Taxation of Digital Goods in the District of Columbia (Jan. 2019) Data Processing & info services are taxed. No business exemption. DCC §§ 47-2001(n)(1)(N)(i)-(iii); DCMR 9 §§ 474.6, 475.7, 475, 474. Tax imposed by statute on digital goods. DCC §§ 47-2001(d-1), -(n)(1)(BB), -2201(a)(1). No formal MPU; OTR may consider on a case-by-case basis.	Not a SSUTA member. MPF law: (1) no exclusions for payment processors and advertisers (DCC § 47-2001(g-5)); (2) no waiver provisions (DCC § 47-2002.01 a; (3) MPF has the same rights and duties as other sellers (DCC § 47-2001(1)); (4) no shifting liability to a marketplace seller if it provides incorrect or insufficient information (DCC § 47-2002.01 a). MPFs are required to collect other taxes by statute. DCC §§ 47-2001, 47-2002.01 a; DC OTR, Eff. April 1, MPF FAQs. Threshold: \$100,000 or 200 transactions based on retail sales. DCC § 47-2001; OTR Notice 2019-02; FAQs	No local sales tax jurisdictions. Website has current tax rates but no historical tax rates.	"Good faith" req. imposed when accepting certs. DCC § 47-2010; DCMR 9 §§ 417.2, 417.1. No 120-day provision for sellers to obtain valid certs. on audit. Does not accept MTC or SSUTA certificates. Sellers must capture registration numbers. DCC § 47-2010; DCMR 9 § 417. No vendor comp. No direct pay permits allowed. No tax liability relief for relying on OTR guidance.	No advance payments. Credit limited to use tax. DCC § 47-2206. Full credit for other states' state and local taxes. DCC § 47-2206(3). No accel. lease payments. Unknown if DC credits against tax paid to another state on accel. lease payments. Bad debt provision does not generally apply to private-label credit cards. DCC § 47-2020(b); DCMR 9 §§ 410, 410.4. No known use of class action suits. Other Issues SSNs and home addresses are required on registration forms and on returns.	No written policy for taxpayers to use sampling. No current contingent fee or private-contract auditing. Purchasers can obtain refunds from the state w/ out going through the seller. DCC § 47-2020(a). False claims actions include certain tax claims. DCC § 2-381.02. In addition, DC permits the AG to pursue "a proceeding in court for the collection of the tax ... without assessment[.]" This proceeding is in addition to DC's FCA. DCC § 47-4301(d). No known use of class action suits. Other Issues SSNs and home addresses are required on registration forms and on returns.

Florida

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 42%.</p> <p>Mfg. equip. exemption exempts all M&E purchases with a 3-year life or longer that are determined to be integral to the mfg. process. FS §§ 212.08(5), (7)(iii).</p> <p>Mfg. inputs exemption limited to raw materials that become a component part of a product produced for sale or for purposes of R&D, product packaging, various boiler fuels, and electricity used by specific industries. FS §§ 212.052, 212.08.</p> <p>Wired and Wireless Equip.: taxable. FS § 212.05(1)(e). Both services are taxed. FS § 202.12(1)(a).</p> <p>Cable Service: Equip. taxable. FS § 12.05(1)(e). Services are taxed. FS § 202.11.</p> <p>Electric and Gas: Equip.: electric equipment is exempt; gas equip. is taxable. FS §§ 212.08(5)(c), (7)(hn). Electric/Gas subject to sales tax and GRT, except for mfg. FS §§ 212.02, 212.08(5). Non-identical sales exempt. FS § 212.08(7)(i).</p> <p>Retail Est.: electricity, POS & F&F: taxable. FS §§ 212.02, 212.08.</p>	<p>Prewritten computer software is taxable (but not if delivered electronically). No business exemption. Custom software not taxed. FAC § 12A-1.032(4)</p> <p>SaaS: not taxable. Technical Assistance Advisement 14A-001 (1/14).</p> <p>Data processing & info services are not taxable. FS § 212.08; FAC § 12A-1.062.</p> <p>Certain digital products, such as streaming video services, taxed by statute via the communications services tax. FS §§ 202.11, 202.12.</p> <p>No MPU.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) partial exclusion for payment processors; (2) marketplace sellers meeting certain thresholds can collect based on a mutual agreement with MPF; (3) MPF has the same rights and duties as other sellers (FS. § 212.06); and (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information. FS § 212.05965; S.B. 50 (Laws 2021).</p> <p>MPFs are required to collect other taxes by statute. FS § 212.05965; Florida Dept. of Revenue, Tax Information Publication No: 21A01-03.</p> <p>Threshold: \$100,000 based on taxable retail sales. FS § 212.0596; S.B. 50.</p>	<p>67 local sales tax jurisdictions; ratio of 325,100.</p> <p>Central administration of the local taxes. FS § 212.054(4)(a). Locals have same tax base. FS § 212.054.</p> <p>Website has current and historical tax rates and an address and jurisdiction database. http://dor.myflorida.com/dor/taxes/tax_interest_rates.html; https://pointmatch.floridarevenue.com.</p>	<p>"Good faith" req. imposed when accepting certs. for resale.</p> <p>FAC r.12A-1.039(5). No rule allowing sellers at least 120 days to obtain valid certificates on audit, but sellers may provide certs. any time during an audit. FS § 212.07(1)(b).</p> <p>MTC exemption certs. generally not allowed. FAC r.12A-1.039(8).</p> <p>Sellers must capture/verify exemption account numbers. FAC r.12A-1.038(h).</p> <p>Vendor comp.: 2.5% of tax due for sellers who report via electronic means only (capped at \$30 compensation per reporting period). FS § 212.12(1)(a).</p> <p>Direct pay limited to air carriers, railroads, motor carriers, vessels, and certain dealers of TPP.</p> <p>FAC r.12A-1.0911(2)(b), FS § 212.183.</p> <p>Limited tax liability relief for sellers and purchasers relying on DOR guidance. FS §§ 213.22(1), 213.21(3)(B). FAC r.12-15.005(2).</p>	<p>Sellers must make advance payments. FS § 212.11. Payment is due with the return for the prior month.</p> <p>Credit applies to sales and use tax. FS § 212.06(7).</p> <p>Full credit for other states' Florida Tax Information Publication No. 00A01-36.</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments (with conditions). FAC r.12A-1.007(13).</p> <p>Bad debt provision applies to private-label credit cards. FS §§ 212.17(3), (4); FAC r. 12A-1.012.</p>	<p>Low allows limited use of sampling to establish refund amount. FS § 212.12(6)(c)3.a.</p> <p>Private contract auditing is permitted by law. FS § 213.28; FAC r.12-25.</p> <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller. Claimants must have made payment directly to DOR to receive refund. DR-26S (1/08).</p> <p>False claims act does not apply to taxes. FS § 213.30(3). See also Stevens v. State, 127 So. 3d 668 (Nov. 20, 2013).</p> <p>Limited class action through the DOR's rewards program. FS § 213.30(3).</p>

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 44%. Mfg. equip. exemption includes M&E necessary and integral to the mfg. of TPP, industrial materials, or packing supplies. GC § 48-8-3.2(b). This exemption covers the entire facility (integrated plant theory). Mfg. inputs exemption includes consumable supplies, industrial materials which become part of the component product, supplies for packing TPP, and energy necessary & integral to mfg. (except certain local taxes). GC §§ 48-8-3.2.</p> <p>Wired and Wireless: equip.: taxable. Both services taxed. GC § 48-8-2(31)(A).</p> <p>Cable Service: Equip.: partially taxable (only digital broadcast equip. exempt). GCR&R §§ 560-12-2-.17(3), (4)(a). Services are not taxed.</p> <p>Electric and Gas: Equip.: partially taxable (trans./dist. not exempt). GCR&R § 560-12-2-.62. Both services taxed. GC § 48-8-2(31)(A).</p> <p>Retail Est.: electricity, POS & F&F: taxable. GC § 48-8-2(31)(A).</p>	<p>Prewritten computer software is taxable, but not if delivered electronically. No business exemption. GCR&R § 560-12-2-.11(3)(a); OCGA § 48-8-30. Custom computer software is not taxed. GCR&R § 560-12-2-.11(3)(a). SaaS is not taxable. Georgia Dept. of Revenue, No. LR SUT-2014-01; No. LR SUT-2014-05 Data processing & info services are not taxable. GCR&R § 560-12-2-.11 No tax imposed on digital products. L.R. SUT 2014-05 (6/14). No MPU necessary.</p>	<p>Full SUTA member, but with significant compliance issues. MPF Law: (1) exemption for advertisers and payment processors (OCGA § 48-8-2(18.1)(A)); (2) allows marketplace sellers > \$500 million US sales annually to collect if agreed to by MPF (GC § 48-8-30(c.2) (1)); (3) MPF has the same rights and duties as other sellers (GCA § 48-8-2); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (GCA § 48-8-30). MPFs are required to collect other taxes by statute. See H.B. 317 (2021); H.B. 105 (2020) GC § 48-8-2; GC § 48-8-2(8)(M.3); Policy Bulletin SUT-2020-01. MPF: Fees and Excise Tax Bulletin - Changes to the State Hotel-Motel Fee - Eff. July 1, 2021. Threshold: \$100,000 or 200 or more separate retail sales of TPP. GC §§ 48-8-2(8)(M.1), (M.2); Sales Tax Bulletin - Remote Sellers-Sales and Use Tax Obligations.</p>	<p>215 local sales tax jurisdictions; ratio of 50,200. Central admin. of the local taxes. GC § 48-8-110.1(c). To a limited extent, the tax base for locals can differ from the state tax base. Website includes current and historical tax rates, and a boundary database. https://dor.georgia.gov/documents/salestax-rate-chart.</p>	<p>"Good faith" req. imposed when accepting certs. GC § 48-8-38. By ruling, allows sellers at least 120 days to obtain valid certs. on audit. L.R. SUT-2013-06-13-03. SSUTA /MTC exemption certs. may be used. Sellers not required to capture/verify exemption account numbers pursuant to a statute, but DOR has suggested that the definition of "good-faith" in GC § 48-8-38(b) requires a seller to verify exemption numbers. Vendor comp.: 3% of tax due on first \$3,000 of total sales and use taxes reported, and 0.5% of portion exceeding \$3,000. GC § 48-8-50(b). Direct pay generally limited to purchases over \$2 mil. See OCG § 48-8-49.1. Tax liability relief for sellers and purchasers relying on DOR guidance. GC §§ 48-8-71, -77.1.</p>	<p>Sellers owing \$60,000 or more in the prior year, excluding local sales taxes, must make advance payments of 50% each month by the 20th day of period. GC § 48-8-49(b)(2). Credit not limited to use tax. GC § 48-8-42. Credit applies to sales and use tax. However, tax credit limited state to state and local to local. GCR&R § 560-12-1-.32(5). No accel. lease payments. Credits other states' tax on accel. lease payments. GC § 48-8-42; GCR&R § 560-12-1-.32. GA has a bad debt provision that does not apply to private-label credit cards. GC §§ 48-8-45(c), (d).</p>	<p>No written policy for taxpayers to use sampling. Allows contingent fee auditing using data analytics. No current private-contract auditing. GC § 48-2-6(e). Purchasers can obtain refunds from the state w/out going through the seller. File forms ST-12 (7/16) and ST-12B (1/12). False claims act excludes taxes. GC § 23-3-121(e). Class action suits not allowed. Georgia Power Co. v. Cazier, 740 S.E.2d 458 (Ga. App. 2013); GCA § 48-2-35(c)(1)(D).</p>

Hawaii

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 36%.</p> <p>No mfg. equip. exemption. HRS § 237-13(2)(A).</p> <p>A wholesale 0.5% tax imposed on materials sold to mfg. and incorporated into finished TPP for sale. HRS § 237-4(a)(2).</p> <p><i>Wired and Wireless Equip.:</i> Both services are taxable. HRS §§ 237-13(6)(I), (D)</p> <p><i>Cable Service: Equip.:</i> taxable. HRS § 237-13(2). Services are taxed. HRS § 237-13(6)(C)-(D).</p> <p><i>Electric and Gas: Equip.:</i> taxable. HRS § 237-13(2). Services: PU electricity/gas sales are taxed under PU tax. HRS § 239-5(a). Otherwise, general excise tax applies. HRS § 237-13(9)</p> <p><i>Retail Est.:</i> electricity, POS & F&F; taxable. HRS § 239-5(a); § 237-13(9).</p>	<p>Prewritten and custom computer software are taxable. No business exemption. HRS § 237-13(2)(A); HRS § 237-13(6)(A); Tax Facts 37-1; TIR 2021-06.</p> <p>SaaS: is taxed by statute. HRS § 237-23(9). No business exemption.</p> <p>Data Processing & info services are taxable. No business exemption. HRS § 237-13(6)(A)</p> <p>Tax imposed on digital products as TPP. HRS §§ 237-13(2), -13(9); TIR 2021-06. GET is a broad-based tax on all sales unless specifically exempted.</p> <p>MPU apportionment allowed for intangibles and services. HAR §§ 18-237-29.53-11(b) Example 7, 18-237-29.53-02(b), 18-237-29.57-01.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) no exclusions for payment processors and advertisers (HRS § 237-1); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers and (4) no provision that shifts liability to a marketplace seller if it provides incorrect or insufficient information (HRS § 237-4.5).</p> <p>MPFs are required to collect other taxes by statute. See HRS, Chapter 251. HI DOR Announcement: 2021-0 – Temp Admin Rules Related to Peer-to-Peer Car-Sharing; TIR 2019-03, Guidance Regarding MPF, Act 2, Session Laws of Hawaii: 2019.</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. HRS § 237-2.5; Announcement No. 2018-10.</p>	<p>4 local sales tax jurisdictions; ratio of 360,400.</p> <p>Central admin. of local taxes. HRS § 46-16.8(b); 237-8.6. Locals have the same tax base.</p> <p>Website has current tax rates but no historical tax rates or a boundary database. http://tax.hawaii.gov/geninfo/get/.</p>	<p>"Good faith" req. not imposed on resale certs. HAR § 18-237-13-02(d)(4). No 120-day provision for sellers to obtain valid certs. on audit.</p> <p>MTC exemption certs. may be used. See TIR 93-5</p> <p>Sellers not required to capture/verify exemption account numbers. HAR § 18-237-13-02(d)(4)</p> <p>No vendor comp.</p> <p>No broad-based direct pay provision.</p> <p>Limited liability relief for sellers and purchasers relying on DOT guidance.</p>	<p>No advance payments. HRS §§ 237-30, 237-33</p> <p>Credit limited to use tax. Full credit for other states' state and local taxes. HRS §§ 237-22, 238-3(i).</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments.</p> <p>Bad debt provision applies to private-label credit cards. HRS §§ 237-3(b), 241-4(b)(3).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing. HRS § 231-13(b)(3).</p> <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller.</p> <p>2019 changes to FCA could apply to tax claims (state ex rel. Metrose, 2022 Haw. Trial Order LEXIS 238). See also HRS § 231-36 (false and fraudulent statements).</p> <p>Class action suits allowed.</p>

Idaho

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 32%.</p> <p>Exempts TPP primarily and directly used or consumed in or during a mfg., processing, mining, or fabricating operation. IC §§ 63-3622D(a), (b); IDAPA 35.01.02.079.03.</p> <p>Mfg. inputs limited to business segment primarily engaged in production of TPP that enters into and becomes an ingredient or component part of TPP manufactured, processed, mined, produced or fabricated for sale. IC §§ 63-3622D(a), (b); IDAPA 35.01.02.079.03.</p> <p>Wired and Wireless Equip.: taxable. IDAPA 35.01.02.031.04. Both services are not taxed. IDAPA 35.01.02.031.03.</p> <p>Cable Service: Equip.: taxable. Services are not taxed. IC § 63-3612(2); IDAPA 35.01.02.011.</p> <p>Electric and Gas: Equip. taxable. IDAPA 35.01.02.079.20(c). Both services not taxed. IC § 63-3612(1); IDAPA 35.01.02.011.</p> <p>Retail Est.: Electricity is not taxable. IC § 63-3612; IC § 63-3622F POS & F&F taxable.</p>	<p>Prewritten software taxable unless delivered electronically. No business exemption. IC § 63-3616(b); IAR §§ 35.01.02.027(03), 35.01.02.027(04). Custom software is not taxable. IC § 63-3616(b); IAR § 35.01.02.027(11).</p> <p>SaaS is not taxable. IC § 63-3616(b); IAC 35.01.02.027</p> <p>Data Processing & info services are not taxable. IC § 63-3612; IAC § 35.01.02.011; Taxability Matrix.</p> <p>Digital products are taxable based on the DOR position that it is TPP. IC § 63-3616(b)</p> <p>No MPU.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) no exclusions for payment processors and advertisers (IC § 63-3605E); (2) no waiver provisions; (3) MPF does not have the same rights and duties as other sellers (IC § 63-3605E); and (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (IC § 63-3620E).</p> <p>MPFs are not required to collect other taxes. H.B. 259 (2019); IC § 63-3620E; Idaho Dept. of Revenue, Online Sellers</p> <p>Threshold: \$100,000 based on gross sales. Online Sellers: IC § 63-3611(3)(h).</p>	<p>11 local sales tax jurisdictions; ratio of 172,800.</p> <p>Central admin. of local taxes, except a tourism tax. Locals have the same tax base w/ limited exceptions. https://tax.idaho.gov/i-1117.cfm.</p> <p>Website has current tax rates and a boundary database, but no historical local sales tax rates. https://tax.idaho.gov/i-1023.cfm#sub3.</p>	<p>No "good faith" req. imposed when accepting certs. IC § 63-3622. No 120-day provision for sellers to obtain valid certs. on audit, but flexible on audit. IDAPA 35.01.02.128(09).</p> <p>MTC exemption certs. may be used.</p> <p>Retailers purchasing for resale must provide a permit number.</p> <p>No vendor comp.</p> <p>Has a broad-based direct pay provision.</p> <p>IDAPA 35.01.02.112.01.</p> <p>No tax liability relief for sellers and purchasers relying on ISTC guidance.</p>	<p>No advance payments</p> <p>Credit limited to use tax. IC § 63-3621(j). Full credit for other states' local and sales taxes. https://tax.idaho.gov/i-1018.cfm.</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments. State and Local Advisory Council Survey: Credit for Tax Paid Leases (4/11).</p> <p>Bad debt provision applies to private-label credit cards. IDAPA 35.01.02.063(02).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller. IDAPA 35.01.02.117(02).</p> <p>False claims act does not apply to taxes.</p> <p>Class action suits allowed. See <i>Ware v. Idaho State Tax Comm'n</i>, '98 Idaho 477, 567 P2d 423, (1977).</p>

Illinois

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 37%.</p> <p>Mfg. equip. exemption limited to M&E used primarily in mfg. 35 ILCS §§ 120/2-5(14), 105/3-5(18), 110/2, 115/2(e).</p> <p>Mfg. inputs exemption includes inputs that go into and form a part of TPP. 35 ILCS § 120/1; 86 IAC §§ 130.210(b), 130.215(b). The mfg. inputs exemption includes catalysts that change a product. 35 ILCS § 120/2-45(4); 86 IAC § 130.330(d).</p> <p>Wired and Wireless: Equip.: taxable. 35 ILCS §§ 105, 120. Services are taxed at consumer level under the telecom. tax. 35 ILCS § 630/3.</p> <p>Cable Service: Equip.: taxable. 35 ILCS §§ 105, 120.</p> <p>Services are not taxed. Ill. DORGIL No. ST 04-0193-GIL (11/01/2004).</p> <p>Electric and Gas: Equip.: taxable. 35 ILCS § 120/2-45. Services are not taxed. 86 IAC § 130.101.</p> <p>Retail Est.: Electricity is not taxable. 35 ILCS §§ 105/3, 110/3, 115/3, 120/2. POS & F&F: taxable.</p>	<p>Prewritten software is taxable. No business exemption. 35 ILCS § 120/2; IAC § 130.1935; DOR Q&A.</p> <p>Custom software is not subject to tax. 35 ILCS § 120/2; IAC § 130.1935; DOR Q&A.</p> <p>SaaS not taxed under State sales tax. However, SaaS is taxed by the City of Chicago w/out clear statutory authority and w/ out a business exemption. Chicago Municipal Code 3-32. IL GIL Nos. ST 17-0006-GIL; ST 17-0007-GIL; ST 17-0024-GIL</p> <p>Data processing and info services are not taxable.</p> <p>IL DOR Gen. Info. Letter No. ST 07-0125-GIL (Aug. 16, 2007); GIL ST20-0018 (Sept. 28, 2020).</p> <p>No State tax on digital products. However, Chicago imposes its lease transaction tax on digital products w/out clear statutory authority. ST 15-0104 (GIL) (10/15).</p> <p>No MPU at state level; however, Chicago allows it. Chicago Personal Property Lease Transaction Tax Ruling #12 (June 9, 2015).</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) partial - exclusion for advertisers. 35 ILCS § 120/1; 86 IAC 131.130; (2) no waiver provision; (3) MPF has the same rights and duties as other sellers; (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (35 ILCS §§ 105/2d, 110/2d).</p> <p>MPFs are required to collect other taxes. Not based on state law. See Marketplace facilitators are liable for the Chicago Home Rule Municipal Soft Drink ROT if the marketplace sellers are located in Chicago.</p> <p>Threshold: \$100,000 or 200 transactions based on retail sales. 35 ILCS § 105/2; Resource Page for the "Leveling the Playing Field for Illinois Retail Act".</p>	<p>1661 local sales tax jurisdictions; ratio of 7,600.</p> <p>Central admin. of local taxes. However, Chicago has separate lease transaction and amusement taxes, which are roughly equivalent to local sales taxes. These taxes are onerous and have a different tax base from the state. Otherwise, locals have the same tax base.</p> <p>Website has current and historical tax rates and a boundary database. https://mytax.illinois.gov//#5.</p>	<p>"Good faith" req. not generally imposed when accepting certs. for services, not TPP. 86 IAC § 130.1405. Sellers only have 60 days to obtain valid certs. on audit.</p> <p>MTC exemption certs. may be used. However, certs. must contain purchaser's IL registration number and meet the requirements of 86 IAC § 130.1405. ST 13-0018-GIL (April 23, 2013).</p> <p>Sellers must capture/verify exemption account numbers. 86 IAC § 130.1405</p> <p>Vendor comp.: 1.75% per return. 35 ILCS §§ 105/9, 110/9, 115/9, 120/3.</p> <p>Has a broad-based direct pay provision, but the application process is detailed. 35 ILCS § 120/2-10.5; 86 IAC § 130.2520.</p> <p>Tax liability relief for sellers and purchasers relying on erroneous DOR guidance. 20 ILCS § 2520.</p>	<p>Sellers owing > \$20,000 per month must make advance payments four times per month. 35 ILCS § 120/3; 86 IAC § 130.535.</p> <p>Sellers owing > \$20,000 per month must make advance payments on the 7th, 15th, 22nd and last day of the month during which such liability is incurred. 35 ILCS § 120/3; 86 IAC § 130.535.</p> <p>Credit limited to use tax. 35 ILCS § 105/3-55(d).</p> <p>Does not provide a full credit for other states' state and local taxes.</p> <p>State accelerates certain lease payments. Unclear if IL credits other states' tax on accel. lease payments.</p> <p>Bad debt provision applies to private-label credit cards. 86 IAC § 130.1960(d); 35 ILCS §§ 120/6d(a), (b).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No private-contract or contingent fee auditing. Purchasers cannot obtain refunds from the state w/ out going through the seller. ST 13-0029 (GIL) (6/10/2013).</p> <p>False claims act applies to sales tax. 740 ILCS § 175/3(c).</p> <p>Class actions suits allowed. Wong v. Whole Foods Mkt. Group, Inc., 15 C 848, 2015 WL 10852508 (N.D. Ill June 15, 2015) (settled 2015).</p>

Indiana

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 32%.</p> <p>Mfg. equipment exemption limited to M&E directly used in mfg. IC § 6-2.5-3(b).</p> <p>Mfg. inputs exemption includes TPP incorporated as a material part, as well as TPP consumed in the direct production of other TPP. IC §§ 6-2.5-5-6, -5-1; 45 IAC § 2.2-5-14(a); 2.2-5-12(a).</p> <p>Wired and Wireless Equip.: Exempt. IC § 6-2.5-5-13; Information Bulletin #51T (Sep. 2010). Intrastate services are taxed at consumer level. IC § 6-2.5-4-6, 6-2.5-5-13.</p> <p>Cable Service: Equip.: exempt. Information Bulletin # 17 (9/09).</p> <p>Services are taxed at consumer level. IC § 6-2.5-4-11; 45 IAC 2.2-4-30.</p> <p>Electric and Gas: Equip.: exempt. IC §§ 6-2.5-5-10, -11. Electricity/gas is taxed. IC §§ 6-2.5-1-27, 6-2.5-4-5.</p> <p>Retail Est.: electricity, POS & F&F: taxable. IC §§ 6-2.5-4-5(b), 6-2.5-1-27; Info Bulletin #60 (7/21).</p>	<p>Prewritten computer software is taxable. No business exemption. Indiana Information Bulletin No. ST8; IC §§ 6-2.5-1-27, 6-2.5-4-1. Custom computer software is not taxed. IN Info Bull. No. ST8; IC §§ 6-2.5-1-24; 6-2.5-1-27.</p> <p>SaaS not taxed. IC §§ 6-2.5-4-1; 6-2.5-4-16.4; 6-2.5-4-16.7; Indiana Dept. of Revenue Sales Tax Information Bulletin ("Information Bulletin") #8 (Dec. 2019); Information Bulletin #93 (Dec. 2019).</p> <p>Data processing & info services are not taxable. IC § 6-2.5-4-1.</p> <p>Tax on digital products by statute. IC §§ 6-2.5-1-26.5, -2-1, -4-16.4(b).</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) exemption for payment processors but not advertisers (IC § 6-2.5-1-21.9); (2) no waiver provisions; (3) a marketplace facilitator has the same rights and duties as other sellers (IC § 6-2.5-4-18); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (IC § 6-2.5-9-3).</p> <p>MPFs are required to collect other taxes by statute. IC §§ 6-2.5-4-18, 6-9-29.5-2, 6-9-29-6, 6-7-4-9, 6-2.5-4-18; IN DOR Marketplace Facilitators; Sales Tax Information Bulletin #89; Sales Tax Information Bulletin #47; Auto Rental Excise Tax, Marion County Supplemental Auto Rental Excise Tax, and Vehicle Sharing Excise Tax.</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. IC § 6-2.5-2-1(d); Remote Seller Info. Bulletin #89 (Jun. 2020).</p>	<p>No local sales tax jurisdictions.</p> <p>Website has current and historical state tax rates. https://www.in.gov/dor/business-tax/tax-rates-fees-and-penalties/corporate-tax-and-sales-tax-history.</p>	<p>No "good faith" req. imposed when accepting certs. IC § 6-2.5-8-8(a). Sellers allowed 120 days to obtain valid certs. on audit. IC § 6-2.5-8-8(e).</p> <p>SSUTA exemption certs. may be used. MTC exemption certs. cannot be used.</p> <p>Seller is required to obtain but not verify account numbers.</p> <p>Vendor comp.: 0.73% for sellers < \$60,000 in tax liability in prior year, 0.53% for sellers with tax liability between \$60,000 to \$600,000, and 0.26% for sellers > \$600,000. IC § 6-2.5-6-10(b).</p> <p>Direct pay allowed for mfg., retailing, and wholesaling. IC § 6-2.5-8-9; 45 IAC § 2.2-8-15</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. IC §§ 6-2.5-11-1, 6-8-1-3.3</p>	<p>No advance payments. Credit limited to use tax. IC § 6-2.5-3-5. Does not provide full credit for other states' local taxes.</p> <p>No accel. lease payments. Unclear if credits other states' tax on accel. lease payments.</p> <p>Bad debt provision does not apply to private-label credit cards. Home Depot U.S.A., Inc. v. Indiana Dep't of Rev., Case No. 49T10-0703-TA-11 (July 28, 2008); IC § 6-2.5-6-9.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers may obtain refunds from the state w/out going through the seller. IC § 6-2.5-6-13.</p> <p>False claims act does not apply to income taxes but does not expressly exclude sales/use taxes. IC § 5-11-5.5-2(a)(1).</p> <p>Class action suits not allowed unless a person has previously filed a valid refund claim. IC §§ 6-8.1-9-7, 6-8.1-9-1(a).</p> <p>Other Issues</p> <p>Generally, SSN and home addresses are required for registrations and returns, including E-registration.</p> <p>http://www.in.gov/dor/4324.htm</p> <p>http://in.gov/dor/3504.htm.</p>

Iowa

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 47%.</p> <p>Mfg. equip. exemption includes property directly and primarily used in processing. "Processing" is broadly defined. IC §§ 423.3(47); expanded to food for human consumption; IC § 423.3(49).</p> <p>Mfg. inputs exemption includes TPP that becomes an integral part or consumed during use. IC §§ 423.3, 423.6(3). Fuel/electricity used by qualifying equipment is exempt; see IC § 423.3(47).</p> <p>Wired and Wireless Equip.: exempt. IC § 423.3(47A).</p> <p>Services are taxed. IC §§ 423.2(2), (9). Certain "interstate" telecom. Services exempt.</p> <p>Cable Service Providers: Equip.: exempt. IC § 423.3(47A); IAC r.701-224.9.</p> <p>Services are taxed. IC. §§ 423.2.</p> <p>Electric and Gas: Equip.: Limited exemptions. IC §§ 423.3(10), 423.3(54), 423.3(90). Comm. Electricity/gas taxed. IC §§ 423.3.</p> <p>Residential sales not subject to local option sales tax. IC § 423.3(84).</p> <p>Retail Est.: electricity: Only restaurants exempt. IC § 423.3. POS & F&F: taxable. IC § 423.3(47).</p>	<p>Prewritten computer software is taxable. Business purchases are exempt for electronically delivered software. Sec. 423.3(104) for "commercial enterprises."</p> <p>IC §§ 423.3(104)(a), 423.1(98) & (59), 423.2(1); IAC § 701-18.34(1)(a)</p> <p>(2). Custom software not taxed. IAC r.701-18.34.</p> <p>SaaS taxable but not all (e.g., IaaS, PaaS).</p> <p>Business purchases exempt (commercial enterprise exemption). See IC §§ 423.3(104), 423.2(6)(b); IA DOR Specified Digital Products, Software, and Related Services.</p> <p>Data processing services are not taxable in Iowa. IC § 423.1(22A); "Information services" are taxable; however, there is an exemption for sales to "commercial enterprises." IC § 423.2(6)(b); Taxation of Specified Digital Products.</p> <p>"Specified digital products" taxed; however, there is an exemption for sales to "commercial enterprises."</p> <p>No MPU necessary.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exclusions for payment processors and advertisers (IC § 423.14A); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (IC § 423.14A); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (IC § 423.14A(3)).</p> <p>MPFs are not required to collect other taxes. SF 2417 (2019); IC § 423.14A; Chapter 215: IA DOR Marketplace Facilitators; Food Delivery Services as MPFs.</p> <p>Threshold: \$100,000 based on gross sales.</p>	<p>1044 local sales tax jurisdictions; ratio of 3,100.</p> <p>Central admin. of local taxes. IC § 423B.6; IAC r.701-107.13. With limited exceptions, locals use the same tax base as the state. IC § 423B.5; IAC r.701-107.6; IAC r.701-107.7</p> <p>Website has current tax rates and a boundary database. It also has historical state tax rates, but not local tax rates. https://tax.iowa.gov/iowa-local-op-tion-tax-information</p> <p>Current database: https://tax-mapper.iowa.gov/</p> <p>Historical state tax rates: https://tax.iowa.gov/iowa-tax-rate-history</p> <p>https://tax.iowa.gov/documents/status-all-ia-jurisdictions.</p>	<p>No "good faith" req. imposed when accepting certs. IC § 423.45(4); IAC r.701-15.3(1)(b). Sellers allowed 120 days to obtain valid certs. on audit. IC § 423.51(3)(b).</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to capture/verify exemption account numbers.</p> <p>No vendor comp.</p> <p>Direct pay limited to applicants with at least \$4,000 of tax liability in a semi-monthly period. IC § 423.36(9); IAC r.701-12.3(2).</p> <p>Tax liability relief limited to SSUTA reqs. IC § 423.52.</p>	<p>Advance payments must be made depending on filing frequency (more than \$60k per year requires 2 monthly payments) between \$6,000 and \$60,000 requires monthly payments). IC § 423.31</p> <p>IA provides credit for sales, use, and similar taxes (e.g., motor vehicle excise tax) imposed by another state. IAC r.701-30.7 (general rule) and r.701-223.2(2) and (3) (for sales of services). IC § 423.22; IAC r.701-223.2(423). Full credit for other states' state and local taxes. IC § 423.22 and IAC r.701-30.7</p> <p>State accelerates certain lease payments. No credit for other states' tax on accel. lease payments. IAC r.701-30.7.</p> <p>Bad debt provision does not apply to private-label credit cards. IC § 423.21; Letter of Findings: Document Reference: 023000051.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/out going through the seller. IC §§ 423.45, 423.47; IA 843 Claim for Refund (7/15).</p> <p>False claims act excludes tax claims. IC § 485.2(5).</p> <p>Class actions suits not allowed; refund claim must be filed with state. IC § 421.71; Bass v. J.C. Penney Co., Inc., 880 N.W.2d 751 (Iowa 2016).</p>

Kansas

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 41%.</p> <p>Mfg. equip. exemption includes most M&E that is an integral or essential part of a production operation by a mfg. facility. KS §§ 79-3606(m), (n), (kk)(1).</p> <p>Mfg. inputs exemption covers TPP consumed in production, or that becomes an ingredient or component of a manufactured item. KS §§ 79-3606(m), (n).</p> <p>Wired and Wireless Equip.: taxable. KAR 92-20-20, -21.</p> <p>Services are taxed. KS § 79-3603(b).</p> <p>Cable Service: Equip.: taxable. KS § 79-3603(k). Services are taxed. KS § 79-3603(k).</p> <p>Electric and Gas: Equip.: Partially taxed (litigation on taxability of trans./dist.). KS § 79-3606(kk)(D). Electricity/gas is taxed, w/exemptions for noncommercial, ag. use, and production. KS §§ 79-3606(c), (n).</p> <p>Retail Est.: electricity, POS & F&F: taxable. KS § 79-3603(c).</p>	<p>Prewritten computer software is taxable. No business exemption. KS §§ 79-3602(g), (cc), 3603(s).</p> <p>Custom software is not taxed. KS § 79-3603(s).</p> <p>SaaS: not taxed. Kansas Dept. of Revenue, Opinion Letter No. O-2012-001.</p> <p>Data processing and info services are not taxable. KS Info. Guide No. EDU-71R (July 23, 2010); KS § 79-3603; KS Info. Guide No. EDU-71R (July 23, 2010).</p> <p>No tax imposed on digital products, however litigation pending on whether streaming services are a subscriber television service. KS Info. Guide EDU-71R(III)(e); KS § 79-3603(k)</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) exemption for advertisers and payment processors (see Notice 21-14 Nov. 1, 2021); (2) allows marketplace sellers to continue to collect based on a mutual agreement with a MPF; (3) MPF has the same rights and duties as other sellers; (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (S.B. 50).</p> <p>MPFs are required to collect other taxes by statute. S.B. 50 (see also Notice 21-14 Nov. 1, 2021).</p> <p>Threshold: \$100,000 based on gross sales. S.B. 50.</p>	<p>686 local sales tax jurisdictions; ratio of 4,300.</p> <p>Central administration of the local taxes. KS §§ 12-189, 12-198(a), (b); KAR 92-21-6. Locals can vary from the state's tax base. KS § 12-189a(a)-(c); KAR 92-21-6.</p> <p>Website has current tax rates. Website has boundary database. http://www.ksrevenue.org/salesratechanges.html; KS § 79-3667. Limited historical rate database.</p>	<p>No "good faith" req. imposed when accepting certificates. KS § 79-3651.</p> <p>Sellers allowed 120 days to obtain valid certificates on audit. KS § 79-3609(a)(2).</p> <p>Yes. MTC and SSUTA exemption certificates may be used.</p> <p>Sellers must capture/verify exemption account numbers. KS § 79-3692 et seq.</p> <p>No vendor comp.</p> <p>Has a broad-based direct pay provision. KS § 79-3619(b).</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. KS § 79-3667.</p>	<p>As of July 2022, no advance payments. KS § 79-3607(a).</p> <p>Credit limited to use tax. KS § 79-3705. Full credit for other states' state and local taxes.</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments. KAR 92-19-55b(b)(5).</p> <p>Bad debt provision does not apply to private-label credit cards. KS § 79-3674(a); KAR 92-19-3b(c), -3b(d)(1).</p>	<p>No written policy for taxpayers to use sampling, but may allow it in a managed audit. KS § 79-3661(b)(3).</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/out going through the seller. Form ST-21 (2/15) Part E.</p> <p>False claims act excludes taxes. KS § 75-7503(d).</p> <p>No known use of class action suits.</p>

Kentucky

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 43%.</p> <p>Mfg. exemption only covers machinery directly used (not replacement mach. or repair parts) for new or expanded mfg. KRS §§ 139.010(15), 139.480(10); 103 KAR 30:120, § 2.</p> <p>Mfg. inputs exemption limited to raw materials, supplies, and industrial tools which become an ingredient or component part of the manufactured product. KRS § 139.470(10).</p> <p>Partial energy exemption for mfg. based upon cost of production. KRS §§ 139.480(3), 160.613(1).</p> <p>Wired and Wireless Equip.: taxable. Services are taxed and also subject to GRT. KRS § 139.200</p> <p>Cable Service: Equip.: taxable. KRS § 139.200.</p> <p>Services subject to excise tax and GRT. KRS § 136.604, 136.616.</p> <p>Electric and Gas: Equip.: taxable. Exemption limited to mfg. KRS § 139.480(3). Services are taxed. KRS § 139.200.</p> <p>Retail Est.: electricity, POS & F&F: taxable. KRS § 139.470(7)(a).</p>	<p>Prewritten computer software is taxable. No business exemption. KRS §§ 139.010(22),(29), 139.200(1)(a); KY Sales Tax Facts. Custom software is not taxed. KRS § 139.010(29); Kentucky Sales Tax Facts.</p> <p>SaaS is taxed by statute. No business exemption. H.B. 8 (Laws 2022, eff. 1/1/2023)</p> <p>Data processing and info services are not taxable. KRS §§ 139.195, §139.200.</p> <p>Digital products taxed. KRS § 139.200(1).</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exemptions for advertisers and payment processors; (2) no waiver provisions; (3) MPFs are retailers for KY sales and use tax purposes; (4) no provision under which liability shifts to a marketplace seller if it provides incorrect or insufficient information; KRS §§ 139.010, 139.340, 139.450(5).</p> <p>MPFs are not required to collect other taxes. H.B. 354; KRS §§ 139.010, 139.450; Kentucky DOR MPF Frequently Asked Questions.</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. KRS § 139.340; Remote Retailers and Marketplace Providers FAQs.</p>	<p>No local sales tax jurisdictions.</p> <p>There are no local taxes, and the state rate has not changed since 1990.</p>	<p>No "good faith" req. imposed when accepting certs. KRS § 139.270(1). Sellers allowed 120 days to obtain valid certs. on audit. KRS § 139.270(3)(a).</p> <p>Allows use of SSUTA certs. Limits use of MTC exemption certs. for resale. KRS § 139.270(1).</p> <p>Sellers not required to capture/verify exemption account numbers but must obtain an identification number.</p> <p>Limited vendor comp.: 1.75% < \$1,000, then 1.5% of the remainder on each return (\$50 cap per reporting period). KRS § 139.570.</p> <p>Direct pay limited to certain industries and at least \$10 million of TPP. 103 KAR 31:030.</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. KRS § 139.795(6).</p>	<p>No advance payments.</p> <p>Credit not limited to use tax. KRS § 139.510(1).</p> <p>Credit applies to sales and use tax. Does not provide credit for other states' local taxes. KRS § 139.510.</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments.</p> <p>Bad debt provision does not apply to private-label credit cards. KRS § 139.350.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee and private-contract auditing.</p> <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller. KRS § 134.580.</p> <p>No false claims act.</p> <p>Class action suits not allowed. KRS § 134.580(3).</p>

Louisiana

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 41%.</p> <p>Mfg. equip. taxed w/reduced rate of 1-2%; limited to equip. predominately & directly used in mfg. LS §§ 47:301(3)(i), (13)(k), (28)(a).</p> <p>Mfg. inputs exemption limited to materials for further processing into TPP. LS §§ 47:301(10), (C)(i) (aa), (18)(a)(i). Such TPP subject to state tax rate of 2%. Limited mfg. exclusion w/NAICS codes 3211-3222 and 113310. LS § 47:301(3).</p> <p>Wired and Wireless Equip.: taxable. Services taxed. LS §§ 47:301(14)(i), 47:302(C), 47:331(C).</p> <p>Cable Service: Equip.: taxable. Services are not taxed. LRS §§ 47:305.16, 47:301(14), 47:301(29)(x).</p> <p>Electric and Gas: Equip.: exempt under the mfg. exclusion. LRS § 47:301(3)(i) (i), (i) (ii). Commercial and industrial use taxed at 2%; LRS § 47:305(D)(1)(h).</p> <p>Retail Est.: electricity, POS & F&F: taxable. LRS § 47:305(D)(1)(d).</p>	<p>Prewritten and custom software are taxable. No business exemption. LRS § 47:301(16)(h); LAC § 61:1.4301; H.B. 10 (Laws, 2018).</p> <p>SaaS: DOR's position is unclear but apparently some locals assert SaaS is taxable. No business exemption.</p> <p>Data processing and info services are not taxable. LRS §§ 47:301(14), (29)(x)(i)</p> <p>Tax imposed on digital products w/out clear statutory authority. LAC § 61:1.4301</p> <p>No MPU.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) exclusions for payment processors and advertisers (LS § 47:340.1); (2) provision allows marketplace sellers to continue to collect based on a mutual agreement; (3) MPF has the same rights and duties as other sellers; (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information w/cap (LS § 47:340.1).</p> <p>MPFs are not required to collect other taxes. LS § 47:340.1; Louisiana Sales and Use Tax Commission for Remote Sellers, Remote Sellers Information Bulletin No. 20-003</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. LRS § 47:301(4)(m); Frequently Asked Questions Louisiana Sales and Use Tax on Remote Sales.</p>	<p>431 local sales tax jurisdictions; ratio of 10,700.</p> <p>Local authorities self-administer the taxes. LSA § 47:337.13. Local authorities have autonomy in interpreting what is subject to tax separate from the state. LS § 47:338.54(A)(1).</p> <p>DOR website has current state tax rates, and some historical state tax rates, but no boundary database. See http://www.revenue.louisiana.gov/SalesTax/GeneralSalesAndUseTax.</p>	<p>"Good faith" req. imposed when accepting certs. LAC § 61:1.4311(E). No 120-day provision for sellers to obtain valid certs. on audit.</p> <p>MTC and SSUTA certs. may not be used.</p> <p>Sellers not required to capture/verify exemption account numbers.</p> <p>Vendor compensation: 0.84% of the tax due (capped at \$1,500 per month). LS § 47:306(A)(3)(a).</p> <p>Direct pay limited to qualifying mfg. with taxable purchases or leases of at least \$5M over the last 3 years. LS § 47:303.1</p> <p>No tax liability relief for sellers or purchasers relying on DOR guidance.</p>	<p>No advance payments.</p> <p>Credit not limited to use tax. DOR is asserting that it only applies to the use tax. Full credit for other states' state and local taxes. LS §§ 47:303(A) (3), 47:337.86.</p> <p>No accel. lease payments. Unclear if LA. credits against other states' tax on accel. lease payments.</p> <p>Bad debt provision does not apply to private-label credit cards. LS § 47:315(B); 61 LAC § 1.4369(B).</p> <p>False claims act does not apply to taxes. LSA § 46:439.3 et seq.</p> <p>Class action suits not allowed. <i>Clark v. State</i>, 30 So. 3d 812 (La. App. 1st Cir. 2009).</p>	<p>Sampling allowed w/ agreement w/DOR as a basis for projecting audit findings. LRS § 47:1541(B) and (C).</p> <p>Contingent fee auditing is prohibited. Some locals use private-contract auditing. See LRS § 47:337.26.</p> <p>DOR has a written process allowing purchasers to obtain refunds w/ out going through the seller; however, some locals may not allow. See LRS § 47:1621.</p>

Maine

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 35%.</p> <p>Mfg. equip. exemption covers machinery used directly and primarily to produce TPP for sale, or for R&D. 36 MRS § 1760(31)(A), (32).</p> <p>Mfg. inputs exemption covers inputs that become an ingredient or component part of or are consumed or destroyed directly and primarily in the production. 36 MRS § 1760(74).</p> <p>Wired and wireless Equip: taxable. Both services are taxed. 36 MRS § 2552.</p> <p>Cable Service: Equip.: taxable, w/ broadcast signals exemption. 36 MRS § 1760(31)(A). Services taxed. 36 MRS § 2552.</p> <p>Electric and Gas: Equip.: Partially taxed with exemption for equip. that qualifies for mfg. 36 MRS § 1760(31). Services taxed, w/limited exemption for residential electricity/gas. 36 MRS § 1760(9-B), (9-C). Electricity/fuel at a mfg. facility is 95% exempt. 36 MRS § 1760(9-D).</p> <p>Retail Est.: electricity, POS & F&F: taxable.</p>	<p>Prewritten software is taxable. No business exemption. Custom software is not taxed. 36 MRS §§ 1752(17), 1760(31).</p> <p>No tax on SaaS. Per Maine DOR, the sale of a digital copy of a publication is taxable provided the publication is downloadable to the purchaser's electronic device. ME Rev. Services - Reference Guide to the Sales and Use Tax Law, Dec. 2020).</p> <p>Data processing and info services are not taxable. 36 MRS §§ 1752 (17-B), 2552.</p> <p>Tax imposed on digital products. 36 MRS §§ 1752(9-E), (17), 1811.</p> <p>No MPU.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) no exclusions for payment processors and advertisers (36 MRS § 1752(6-F)); (2) no waiver provisions; (3) MPF has the same rights and duties as other sellers (36 MRS § 1951-C); (4) no provision that allows liability to shift to a marketplace seller if it provides incorrect or insufficient information.</p> <p>MPFs are not required to collect other taxes. 36 MRS § 1951-C; Maine Revenue Services, Marketplace FAQ.</p> <p>Threshold: \$100,000 based on gross sales 36 MRS § 1754-B. Guidance for Remote Sellers.</p>	<p>No local sales tax jurisdictions.</p> <p>Website has current and historical tax rates. www.maine.gov/revenue/sites/inline-files/Reference%20Guide%202020.pdf.</p>	<p>"Good faith" req. imposed when accepting certs. under certain circumstances. MRS Instructional Bulletin No. 36(3)(A). No 120-day provision for sellers to obtain valid certs. on audit, but flexible on audit.</p> <p>Limited use of MITC exemption certs. for nonresident retailers only. MRS Rule 301(5) (18-125 CMR § 301(5)).</p> <p>Sellers must capture/verify exemption account numbers.</p> <p>No vendor comp.</p> <p>Direct pay limited to applicants who engage in mfg. and utilities. MRS Rule 308 (18-125 CMR § 308).</p> <p>No tax liability relief for sellers and purchasers relying on MRS guidance, but penalty relief may be available.</p> <p>36 MRS § 187-B(7).</p>	<p>No advance payments.</p> <p>Credit not limited to use tax. 36 MRS § 1862.</p> <p>Credit applies to sales and states' state and local sales and use taxes.</p> <p>ME has accel. lease payments. No credit against other states' tax on accel. lease payments.</p> <p>Bad debt provision does not apply to private-label credit cards. 36 MRS § 1811-A.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state. Form APP-153 (1/17).</p> <p>No false claims act.</p> <p>Class action suits allowed. <i>Filippo v. L.L. Bean, Inc.</i>, 898 A.2d 942 (Me. 2006).</p>

Maryland

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 42%.</p> <p>Mfg. equipment exemption covers TPP used directly and predominantly in mfg. MC, Tax-Gen. § 11-210(b); COMAR 03.06.01.32-2.C.</p> <p>Mfg. inputs exemption limited to TPP purchased for use as a material or part of other TPP for sale. MC, Tax-Gen. § 11-101 (h) (3)(ii)(2).</p> <p>Wired and Wireless Equip.: taxable. COMAR 03.06.01.01(B)(2). Wired services are not taxed, Wireless services are taxed. MC, Tax-Gen. § 11-101 (m) (4); COMAR 03.06.01.01(B)(2).</p> <p>Cable Service: Equip.: taxable. MC, Tax-Gen. § 11-210(d).</p> <p>Subscription services are not taxed but pay-per-view TV is taxed. MC, Tax-Gen. § 11-101(m).</p> <p>Electric and Gas: Equip.: exempt. MC, Tax-Gen. § 11-101(f)(1)(i)(ii). Services are taxed, except residential use. MC, Tax-Gen. §§ 11-101(k)(2)(iii), -207, -210(a)(2).</p> <p>Retail Est.: electricity, POS & F&F: taxable.</p>	<p>Prewritten software is taxable. Exemption for some business purchases of electronically delivered software. MC, Tax-Gen. §§ 11-102f, 11-103. Custom software is not taxed. MC, Tax-Gen. § 11-219(b); Business Tax Tip #29.</p> <p>SaaS is taxable by statute. Exemption for some business purchases. MD Comptroller's Office, Tax Tip No. 29; MD Comptroller's Office, List of Tangible Personal Property and Services Subject to Sales and Use Tax.</p> <p>Data processing services and info are taxable in Maryland. No business exemption. MD Tax Tip No. 29; H.B. 732, S.B. 787.</p> <p>Sales tax applies to digital products. Tax-General Article § 11-101(h)(1)(iii)-(iv).</p> <p>Has MPU. Business Tax Tip #29; Sales and Use Tax List of TPP and Services.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) exclusions for advertisers and payment processors (MC, Tax-Gen. § 11-101); (2) has a waiver provision (MC, Tax-Gen. § 11-403.1); (3) MPF has the same rights and duties as other sellers (MC, Tax-Gen. § 11-101); (4) no provision that allows liability to shift to a marketplace seller if it provides incorrect or insufficient information.</p> <p>MPFs are not required to collect other taxes. H.B. 1301 (2019); MC, Tax-Gen. Alert 09-19 Marketplace Facilitators.</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. MRC § 03.06.01.33.B(5); Sales and Use Tax: Wayfair Tax Alert.</p>	<p>No local sales tax jurisdictions.</p> <p>Website has current tax rates, but not historical tax rates (no tax rate change last 5 years).</p>	<p>"Good faith" req. imposed when accepting certs. MC, Tax-Gen. § 11-408(b); COMAR 03.06.01.14. Sellers allowed only 60 days to obtain valid certificates on audit. MC, Tax-Gen. § 11-408(p)(4)(ii); COMAR 03.06.01.14.F.</p> <p>Limited use of MTC and SSUTA exemption certs. MC, Tax-Gen. § 11-408(b) (1)(f); MCR 03.06.01.14.B.</p> <p>Sellers must capture/verify exemption account numbers. COMAR 03.06.01.22(D)(2).</p> <p>Vendor comp.: 1.2% on the first \$6,000 and 0.9% on the remainder (capped at \$500 per period). MC, Tax-Gen. § 11-105.</p> <p>Direct pay limited to vendors who have entered into Eff. Rate Agreements w/Comptroller. MC, Tax-Gen. §§ 11-407(a), (c)(2)(f).</p> <p>No tax liability relief for sellers or purchasers relying on DOR guidance.</p>	<p>No advance payments. Credit not limited to use tax. Credit applies to sales and use tax. Does not provide credit for other states' local taxes. MC, Tax-Gen. § 11-2211.</p> <p>No accel. lease payments. No credit against other states' tax on accel. tax payments. COMAR 03.06.01.28.B.</p> <p>Bad debt provision does not apply to private-label credit cards. COMAR 03.06.03.07(A), (B).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Limited. purchasers can obtain refunds from the state w/out going through the seller if the refund is > \$1,000. COMAR 03.06.03.05B(2).</p> <p>False claims act does not apply to taxes. MC, Gen. Prov. § 8-101.</p> <p>Class action suits not allowed. Hooks v. Comptroller, 265 Md. 380, 383 (1972).</p>

Massachusetts

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 48%.</p> <p>Mfg. equip. exemption limited to materials, tools, fuel, and mach. used directly and exclusively in "actual manufacture" of TPP. MGL c.64H, §§ 6(f), (s).</p> <p>Mfg. inputs exemption limited to materials, tools, fuel, and machinery used directly and exclusively in "actual manufacture" of TPP to be sold. MGL c.64H, §§ 6(i), (r). Gas, electricity, steam are included in the definition of TPP. MGL c. 64H, § 1.</p> <p>Wired and Wireless Equip.: taxable. Both services taxed at consumer level. 830 CMR 64H.1.6(4).</p> <p>Cable Service: Equip.: exempt. MGL c.64H, §§ 6(s). See also DOR Directive 08-5. Services not taxed at consumer level. See 830 CMR 64H.1.6(2), (3).</p> <p>Electric and Gas: Equip.: exempt. MGL c.64H, §§ 6(f), (s). Electric/gas taxed, except residential purposes or a small business. MGL c. 64H, §§ 1.6(i)(2), (3), 6(qq).</p> <p>Retail Est.: limited small business electricity exemption. POS & F&F: taxable. G.L. c.64H, § 6(qq); 830 CMR 64H.6.1.1.</p>	<p>Prewritten software is taxable. No business exemption. MRC 830 CMR 64H.1.3(3)(a). Custom software is not taxed. MRC 830 CMR 64H.1.3(6)(a).</p> <p>SaaS is taxable. No business exemption. MRC 830CMR 64H.1.3(3)(a)</p> <p>Data processing and info services are not taxable. Technical Information Release No. 05-8 (July 14, 2005); MRC tit. 830, § 64H.1.3; Technical Information Release No. 13-10 (July 25, 2013).</p> <p>No tax imposed on digital products. Massachusetts Technical Information Release TIR 05-8, (VII)(B)(8) (7/05).</p> <p>MPU allowed. 830 MCR 64H.1.3(15); TIR 13-10 (July 25, 2013).</p>	<p>Not a SSUTA member. (2 points)</p> <p>MPF Law: (1) partial exclusion for payment processors (MGL c.64H, § 1); (2) MA has a waiver provision (MGL c.64H, § 34(f)); 830 CMR 64H.1.9(6); (3) MPF has the same rights and duties as other sellers (MGL c.64H, § 1; 830 CMR 64H.1.9(3)(b)); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (MGL c.64H, § 34(h)(4)(i); see also 830 CMR 64H.1.9(8)).</p> <p>MPFs are not required to collect other taxes. 830 CMR 64H.1.9; Remote Retailers and MPFs; MA DOR Remote Seller and Marketplace Facilitator FAQs.</p> <p>Threshold: \$100,000 based on gross sales, unless exclusively making sales for resale. MRC 830 CMR 64H.1.9; Remote Seller and MPF FAQs.</p>	<p>No local sales tax jurisdictions.</p> <p>Website has current tax rates (no rate change in 5 years). https://www.mass.gov/service-details/learn-about-Massachusetts-tax-rates. https://www.mass.gov/service-details/massachusetts-tax-rates.</p>	<p>"Good faith" req. imposed when accepting certs. 830 CMR 64H.8.1(4)(b). Sellers allowed only 60 days to obtain valid certificates on audit. 830 CMR 64H.8.1(4)(d) and (5)(d).</p> <p>MTC and SSUTA exemption certs. may not be used.</p> <p>Sellers not required to verify exemption account numbers, except for certain small businesses. See 830 CMR 64H.6.1.1</p> <p>No vendor comp.</p> <p>Direct pay allowed to purchasers with taxable purchases > \$1M per year. 830 CMR 64H.3.1(4)(a).</p> <p>No assessment unless such change in policy first is announced to taxpayers pursuant to the promulgation of a regulation or the issuance of a TIR, directive, administrative procedure or other similar public statement; MGL c. 62C, § 26(j)(1). Penalty and addition to tax relief based on erroneous written advice. MGL c. 62C, §§ 36B, 33. See AP 633, Section II, Ex. 5.</p>	<p>Vendors with > \$150,000 in tax liability in the previous calendar year must make an advance payment on the 25th of the month for the "tax collected," based on taxable gross receipts or total taxable sales from the 1st through the 21st of that same monthly filing period. MGL c. 62C, § 16B.</p> <p>Credit limited to use tax. MGL c.64I, § 7(c). Full credit for other states' state and local taxes. MA Technical Information Release TIR 03-1 (III).</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. MGL c.64I, § 7(c).</p> <p>Bad debt provision does not apply to private-label credit cards. MGL c.64H, § 33.</p>	<p>No written policy for taxpayers to use sampling; auditor selects the sampling procedures for the taxpayer. DOR Field Audit Manual.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain vendor's consent to file claim on its behalf.</p> <p>Technical Information Release 15-2.</p> <p>False claims act excludes taxes. MGL c.12, §5B(d).</p> <p>Class action suits not allowed. <i>McGonagle v. The Home Depot U.S.A., Inc.</i>, 915 N.E.2d 1083; MGL c. 93A.</p>

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 3.6%.</p> <p>Mfg. equip. exemption covers TPP used or consumed in industrial processing. "Industrial processing" is a broadly defined.</p> <p>MCL §§ 205.54(1), (7)(a), 205.94o(1), 205.94o(7)(a).</p> <p>Mfg. inputs exemption broadly covers ingredients, components, fuels and energy used or consumed in industrial processing. MCL § 205.54f(7)(a), 205.94o(7)(a).</p> <p>Wired and Wireless Equip.: partially taxable (10%). MCL § 205.54v; MAC r.205.110(5), (6). Distribution equipment, including cable or wire facilities is taxable. MCL § 205.54v.</p> <p>Both services are taxed. MCL § 205.93b.</p> <p>Cable Service: Equip.: taxable. MCL § 205.93b(9)(m)(vii). Services are not taxed. MCL § 205.93a(5)(s).</p> <p>Electric and Gas Equip.: partially exempt. See MCL § 205.54i; Rev. Admin. Bulletin 2018-4; Electricity/gas sold to consumers taxed at 4%. MCL § 205.51a(a); MAC r.205.115(1).</p> <p>Retail Est.: electricity, POS & F&F: taxable. MCL § 205.51a(f); MCL § 205.92(k).</p>	<p>Prewritten software is taxable. No business exemption. MCL §§ 205.51a(r), (p), 205.52(1), 205.92(k), 205.92b(p), 205.93(1); Rev. Admin. Bulletin 1999-5.</p> <p>Custom software is not taxed. MCL §§ 205.51(a)(q), 205.52(1), 205.54d(g), 205.94a(d); Rev. Admin. Bulletin 1999-5.</p> <p>SaaS not taxable. MCL §§ 205.51a(p), (r), 205.52(1), 205.92(k), 205.92b(p), 205.93(1); MI Treasury Notice to Taxpayers regarding Auto-Owners Insurance Company v. MI Treasury; MI Treasury, Sales and Use Tax Treatment of Software Products.</p> <p>Data processing and info services are not taxable. MCL § 205.51.</p> <p>No tax imposed on digital products.</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) partial exclusion for advertisers (MCL § 205.95c); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (MCL § 205.95c § 205.52d); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (MCL § 205.95c, 205.52d).</p> <p>MPFs are not required to collect other taxes. MCL § 205.95c; MCL § 205.52d; MI Treasury, Sales and Use Tax Information for Remote Sellers; Marketplace Facilitator & Marketplace Seller Nexus.</p> <p>Threshold: more than \$100,000 or 200 or more transactions based on gross sales. MCL § 205.52c; Sales and Use Tax Information; RAB 2018-16.</p>	<p>No local sales tax jurisdictions.</p> <p>Website had current and historical tax rates. https://www.michigan.gov/documents/treasury/SalesUse-TaxReport2012_432538.7.pdf.</p>	<p>No "good faith" req. at sale when accepting certs. MCL §§ 205.62, 205.104b.</p> <p>Sellers allowed 120 days on audit to obtain valid certificates. MCL §§ 205.62(7), 205.104(7).</p> <p>MTC and SSUTA exemption certs. may be used. RAB 2016-14.</p> <p>Sellers are not required to capture/verify exemption numbers, but for resale claims seller must keep a record of the purchaser's license number (if the purchaser has one). MCL §§ 205.68(1), 205.104a(1).</p> <p>Vendor comp. based on 4% rather than actual 6% tax rate (2/3rd); Eff. 0.50% if pd by the 12th of that month. 0.33% if pd by the 20th of that month. \$20,000 cap each month. Taxpayers with a tax liability > \$720,000 in the preceding cy 0.33% (no cap). MCL §§ 205.54, 205.94f.</p> <p>Has a broad-based direct pay provision. MCL § 205.98, MI Bulletin 2000-3 (6/00).</p> <p>Tax liability relief for sellers and purchasers relying on written guidance as provided by MCL § 205.6a and Rev. Admin. Bulletin.</p>	<p>Sellers must make an advance payment. MCL §§ 205.56(2)(b), 205.96(2)(b). Taxpayers with a tax liability > \$720,000 in the preceding calendar year must make advance payments remitting 75% of the preceding month's tax or 75% of the same month in the preceding calendar year.</p> <p>Credit applies to sales and use tax. MCL § 205.94(1)(e). Credits other states' state and local taxes. MCL § 205.94(1)(e).</p> <p>No accel. lease payments. Credit against other states' tax on accel. lease payments. MCL § 205.94(1)(e).</p> <p>Bad debt provision applies to private-label credit cards. MCL §§ 205.54i(1)(b)(iii), 205.99a(6)(b)(iii).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Allows refund w/state if taxpayer failed to claim an exemption at the time of purchase. MCL §§ 205.62(1), 205.104b(10).</p> <p>False claims act does not apply to taxes. MCL § 400.601 et seq.</p> <p>No known use of class action suits.</p>

Minnesota

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 47%</p> <p>Mfg. equip. exemption covers capital equip. used and essential to the industrial process. MNS § 297A.68(5) and MR 8130.5500.</p> <p>Mfg. inputs exemption covers materials (includes utilities) consumed in "industrial production," which is broadly defined. MNS § 297A.68(2) and MR 8130.5500.</p> <p>Wired and Wireless Equip.: exempt. MNS § 297A.68, Subd. 35a. Both services taxed. MNS §§ 297A.61, subd. 3(f), 297A.669.</p> <p>Cable Service: Equip.: exempt. MNS § 297A.68, subd. 35a. Cable services are taxed. MNS § 297A.61, subd. 3(f).</p> <p>Electric and Gas Equip.: exempt. MNS § 297A.68, subd. 5(a). Both products/services are taxed. MNS § 297A.67, subd. 15.</p> <p>Retail Est.: electricity, POS & F&F: taxable. MNS § 297A.61(3)(e); MN Sales Tax Fact Sheet 157.</p>	<p>Prewritten software is taxable. No business exemption. MNS § 297A.61, subd.3(f); MR § 8130.9910; Computer Software and Digital Products; MN Sales Tax Fact Sheet No. 134. Custom software is not taxed. MR § 8130.9910, subd.2(b).</p> <p>SaaS not taxable. https://www.revenue.state.mn.us/guide/computer-software-and-digital-products; MN DOR Computer Software and Digital Products; MN DOR Sales Tax Fact Sheet 134.</p> <p>Data processing and info services are not taxable. Sales Tax Fact Sheet 134; MR § 8130.9700; MNS § 297A.61.</p> <p>Tax imposed on specified and other digital products by statute. MNS §§ 297A.61(3)(f), 297A.61, subd. 4(b).</p> <p>Elective MPU, purchaser must provide MPU cert. to the seller at the time of sale. MNS § 297A.668, subd. 6a; MN Sales Tax Fact Sheet No. 134 (Sept. 1, 2018); MN Revenue Notice No. 15-03 (Sept. 28, 2015); MN Sales Tax Fact Sheet No. 134.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exclusions for payment processors and advertisers; (2) waiver provision allows marketplace sellers to continue to collect based on mutual agreement; (3) MPF has the same rights and duties as other sellers; (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (MNS § 297A.66).</p> <p>MPFs are required to collect other taxes by statute. MNS §§ 403.161, 295.75; MN DOR Sales Tax Update for Marketplace Providers.</p> <p>Threshold: More than \$100,000 or 200 transactions based on retail sales. MNS § 297A.66; Sales Tax FAQs for Remote Sellers.</p>	<p>106 local sales tax jurisdictions; ratio of 53,800.</p> <p>Central administration of the local taxes. MNS § 297A.99(9)(a). Locals have the same tax base. MNS § 297A.99, subd. 4.</p> <p>State has current tax rates, and a boundary data-base., but not historical tax rates. http://www.revenue.state.mn.us/businesses/sut/Pages/Local_Tax_Info.aspx.</p>	<p>No "good faith" req. imposed when accepting certs. MNS §§ 297A.665(b), 297A.72. Sellers allowed 120 days to obtain valid certificates on audit. MNS § 297A.665(b)(2)(i).</p> <p>SSUTA certificates may be used. MNS § 297A.72.</p> <p>Sellers must capture the purchaser's MN ID numbers (or other information if MN ID is unavailable) but are not required to verify them.</p> <p>No vendor comp.</p> <p>MN has a limited direct pay provision. MR 8130.3400(4).</p> <p>Tax liability relief limited to sellers and purchasers relying on rates and boundary database. MNS §§ 297A.995, subd. 10, 270C.34.</p>	<p>Sellers owing > \$250,000 previous year must make advance payments. MNS § 289A.20, subd. 4(b). Two business days before June 30 of calendar year 2022 and thereafter, the vendor must remit 84.5% or a reduced percentage as certified by the commissioner under sec. 16A.152(2)(a) (6). MNS § 289A.20, subd. 4(b).</p> <p>Credit limited to use tax. Full credit for other states' state and local taxes. MNS § 297A.80.</p> <p>State accelerates certain lease payments. Credits other states' tax on accelerated payments. MNS § 297A.80.</p> <p>Bad debt provision does not apply to private-label credit cards. MNS. §§ 297A.81, subd. 2, 289A.40, subd. 2; MR § 8130.7400.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>State has written process that allows purchasers to obtain refunds from the state w/ out going through the seller. MNS § 289A.50, subd. 2a.</p> <p>False claims act excludes tax claims. MNS §§ 15C.03.</p> <p>No known use of class action suits.</p>

Mississippi

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
B2B Sales Tax Percentage: 3.6% Mfg. equipment for machinery used exclusively and directly in mfg. taxed at reduced rate of 1.5%. MC § 27-65-171(j); MCR § 35-IV-7.03(100). Exemption is limited to "plant use." Mfg. inputs exemption limited to raw materials, catalysts, chemicals, and welding or other industrial gases (other than natural gas). MC § 27-65-101(1)(b); MCR § 35-IV-7.03(403). Wired and Wireless Equip.: taxable with 50% or full exemption for broadband equip. installed in certain counties. MC § 27-65-101(5); § 57-73-21(14)(b). Both services taxed. MC § 27-65-19(1)(d)(i)(1). Cable Service: Equip.: taxable with 50% to full exemption for equip. in some MS counties. MC § 57-73-21(14), 27-65-101(5). Subscription TV services taxed. MCA § 27-65-23. Electric and Gas: Equip.: taxable at 1.5% rate. MCR § 35-IV-7.03(100). Electricity/gas are taxed, w/exemptions. MC §§ 27-65-19, -19(1)(a)(i). Retail Est.: electricity, POS & F&F: taxable. MC § 27-65-19(1)(a).	Prewritten and custom software are taxable. No business exemption. MAC § 35.IV.5.06; FAQs. SaaS taxed based on DOR interpretation even though the DOR withdrew its draft regulation asserting taxability. No business exemption. MC § 27-65-23; MCR § 35.IV.5.07 Data processing and info services are not taxable. MAC § 35.IV.5.06. Tax imposed on digital products. MCA § 27-65-26. No MPU but the DOR may allow on a case-by-case basis.	Not a SSUTA member. MPF Law: (1) no exclusions for payment processors and advertisers; (2) has waiver provision (\$1 billion threshold); (3) MPF has the same rights and duties as other sellers; (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information. MC §§ 27-67-3, 27-67-11. MPFs are not required to collect other taxes. & MS Dept. of Rev. Notice to MPFs (June 25, 2020). Threshold: \$250,000 based on gross sales. MAC § 35.IV.3.09(100); Sales and Use Tax Guidance for Online Sellers (December 1, 2017).	2 local sales tax jurisdictions; ratio of 1,475,000. Central administration of the local taxes. MC § 27-65-241(5)(a). Tax base not the same. City of Jackson has a different tax base. MC § 27-65-241(2). Website has current tax rates but does not have historical tax rates or a boundary database. https://www.dor.ms.gov/business/sales-tax-rates.	No exemption cert. process. Must rely on exemption ruling. (Wholesale) MAC § 35.IV.03.01(300). No 120-day provision for sellers to obtain valid certs. on audit. MTC and SSUTA exemption certs may not be used. Purchaser must provide seller with exemption authorization letter issued by DOR. MAC §§ 35.IV.03.01(300) and 35.IV.03.07(101). Vendor comp.: 2% of tax due (capped at \$50 per month and \$600 per calendar year). MC § 27-65-33(1). Direct pay limited to certain industries. MC § 27-65-93; MCR § 35-IV-01(301)-(304). Limited tax liability relief for sellers and purchasers who receive a letter ruling from the agency. MCR § 35-1-1.01(108).	No accel. Payments. H.B. 1139 (2021). Credit limited to use tax. MC § 27-67-7(a). Full credit for other states' state and local taxes. MCR § 35-IV.1.06(100). No accel. lease payments. No credit against other states' tax on accel. Lease payments. State and Local Advisory Council Survey: Credit for Tax Paid Leases (4/11). Bad debt provision does not apply to private-label credit cards. MC § 27-65-33(9); MCR § 35-IV-2.04(201).	No written policy for taxpayers to use sampling. Recent legislation (SB 2973 (2017)) allows contingent fee auditing. Purchasers required to obtain refunds from the seller. False claims act excludes taxes. MC § 43-13-201 et seq. Class action suits not allowed. American Bankers Ins. Co. of Florida v. Booth, 830 So.2d 1205 (Miss. 2002).

Missouri

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 39%</p> <p>Mfg. equip. exemption covers M&E directly used in "larger scale" mfg. of a product to be sold for final use or consumption. RSMo § 144.030.2(5), (6); Fred Weber, Inc. v. Dir. Of Revenue, 452 S.W.3d 628 (Mo., 2015).</p> <p>Mfg. inputs exemption covers ingredients and component parts used or consumed in producing a product. RSMo § 144.030.2(2). See also § 144.054(2).</p> <p>Wired and Wireless Equip.: exempt. Both services taxed. RSMo § 144.020.1(4).</p> <p>Cable Service: Equip.: exempt. RSMo § 144.010.1(16)(d). Cable services are not taxed.</p> <p>Electric and Gas Equip.: exempt. RSMo §§ 144.030, 144.054(2).</p> <p>Electricity and gas are taxed. RSMo § 144.020.1(3); 12 CSR 10-108.300(2)(A).</p> <p>Retail Est.: electricity, POS & F&F: taxable. RSMo § 144.020.1(3).</p>	<p>Prewritten software is taxable but not if delivered electronically. No business exemption. MCR 12 §§ 10-109.050(1), 10-109.050(3) (A). Custom software not taxable. MCR 12 §§ 10-109.050(1), 10-109.050(3) (C).</p> <p>No tax on SaaS. MCR. 12 § 10-109.050.</p> <p>Data processing and info services are not taxable. RSMo § 144.020; Letter Ruling LR2903 (March 16, 2006); MCR 12 § 10-103.600.</p> <p>Digital products not taxed. Letter Ruling LR 7338 (12/20/2013).</p> <p>No MPU necessary</p>	<p>Not a SSUTA member.</p> <p>MPF Law (eff. 1/1/23): (1) exclusions for advertising services and payment processors; (2) allows waiver based on a mutual agreement; (3) MPF has the same rights and duties as other sellers; (4) no provision to shift liability to a marketplace seller if it provides incorrect or insufficient information. RSMo § 144.752.</p> <p>MPFs are not required to collect other taxes. S.B. 153 (2021).</p> <p>Threshold: \$100,000 based on taxable sales.</p> <p>RSMo § 144.605; S.B. 153; Important Changes from the 2021 Legislative Session (eff. 1/1/23).</p>	<p>2091 local sales tax jurisdictions; ratio of 2,900.</p> <p>Central administration of the local taxes. RSMo §§ 32.087(6), 144.757(3), (4). Locals use the same tax base. RSMo §§ 32.087(5), (6), (7), 144.757(3).</p> <p>Website has current and historical tax rates back to 1997; MO has a mapping feature but no downloading database. http://dor.mo.gov/business/sales/rates/.</p>	<p>"Good faith" req. imposed when accepting certs. 12 CSR 10-107.100. No 120-day provision for sellers to obtain valid certs. on audit. DOR allows taxpayers to provide exemption certificates up until the administrative hearing.</p> <p>MTC exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 2% of tax. RSMo § 144.140.</p> <p>Direct pay limited to applicants who purchase more than \$750,000 of TPP and taxable services per year. 12 CSR 10-104.040(2)(B).</p> <p>No tax liability relief for sellers and purchasers relying on DOR guidance.</p>	<p>Sellers owing \$15,000 or more every 6 months must make 4 advance payments per month. RSMo § 144.081; 12 CSR 10-104.030(3); 12 CSR 10-104.030.</p> <p>Credit limited to use tax. RSMo § 32.200, Art. V. Full credit for other states' state and local taxes. RSMo § 32.200, Art. V.</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments on an amortized basis.</p> <p>Bad debt provision does not apply to private-label credit cards. RSMo §§ 144.190, 144.696; 12 CSR 10-102.100.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchaser can obtain an assignment of rights from the seller. Form 5440 and 5443 (12/14).</p> <p>False claims act excludes taxes.</p> <p>Class action suits are allowed.</p>

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 44%</p> <p>Mfg. machinery and equip. exempt if purchased for use in mfg., but excludes items not used in guiding, controlling, operating, or measuring the mfg. process. NRS §§ 77-2704.22, 77-2701.47.</p> <p>Mfg. inputs exemption limited to ingredients and component parts of product manufactured, w/ energy source exemption (see Reg-1-089 and Reg-1-066). 316 NAR&R 1-107.04-107.05).</p> <p>Wired and Wireless Equip.: taxable. 316 NAR&R 1-065.04. Both services are taxed. NRS § 77-2701.16(2)(a).</p> <p>Cable Service: Equip: taxable. 316 NAR&R 1-081.05. Services are taxed. NRS §§ 77-2701.16.</p> <p>Electric and Gas Equip. is taxable, with limited exemptions for certain entities. NRS § 77-2704.13. Reg-1-093.05. Both services are taxed. NRS § 77-2701.16(2)(c).</p> <p>Retail Est.: electricity, POS & F&F: taxable. NRS § 77-2701.16(2)(c).</p>	<p>Prewritten and custom software are taxable. No business exemption.</p> <p>Reg-1-007.01H; Reg-1-088; NRS § 77-2701.16(3)(a).</p> <p>SaaS not taxable: NRS § 77-2701.16(3)(a); Reg-1-080, Computer Software.</p> <p>Data processing and info services are not taxable. NRS § 77-2701.16. NAR&R 316-1-080.</p> <p>Tax imposed on digital products by statute. NRS § 77-2701.16(9).</p> <p>No MPU</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) partial - exclusions for payment processors (NRS §§ 77-2701.32(2)(f), 77-2701.32(3)(e)); (2) no waiver provisions; (3) MPF has the same rights and duties as other sellers (NRS § 77-2701.32(2)(f)); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (See NRS § 77-2708(1)(f)).</p> <p>MPFs are required to collect other taxes by statute. (NRS §§ 81-3722, -15,164, 86-903, 86-904).</p> <p>Threshold: \$100,000 or 200 transactions based on retail sales. Collection of Sales Tax by Remote Sellers FAQs:: NRS § 77-2701.13(2).</p>	<p>257 local sales tax jurisdictions; ratio of 7,600.</p> <p>Central administration of the local taxes. NRS §§ 77-27.143, 13-2814, 13-324. Locals use the same tax base. NRS § 77-27.142(1).</p> <p>NE has current and historical rates and boundary database.</p>	<p>No "good faith" req. imposed when accepting certs. 316 NAR&R 1-013.02A. Sellers allowed 120 days to obtain valid certificates on audit. 316 NAR&R 1-013.02A.</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: Eff. October 1, 2022, LB 984 (2022 Laws) increases the fee retained per business location to 3.0% of the first \$5,000 in sales taxes collected, resulting in a maximum of \$150 per month (\$1,800 per year). NRS § 77-2708(1)(d).</p> <p>Direct pay limited to applicants who make taxable purchases of at least \$3M per year. 316 NAR&R 1-097.03.</p> <p>NRS § 84-901.03(2) provides that guidance documents that are "advisory in nature are binding on an agency until amended by such agency." See also NRS § 84-901 (5) and NRS § 77-2712.05(7).</p>	<p>No advance payments.</p> <p>Credit limited to use tax. NRS § 77-2704.31. Full credit for other state and local taxes. 316 NAR&R 1-071.</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments. 316 NAR&R 1-018, -071.</p> <p>Bad debt provision does not apply to private-label credit cards. NRS § 77-2708(2)(j).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/ out going through the seller. See Claim for Refund of Sales and Use Tax, Form 7 (2/16).</p> <p>False claims act excludes taxes. NRS § 68-934.</p> <p>No known use of class action suits. <i>Boersma v. Karnes</i>, 227 Neb. 329, 331, 417 N.W.2d 341, 344 (1988) (not allowing class action income tax refunds).</p>

Nevada

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 4.6%.</p> <p>Mfg. equip. is taxable. Tax imposed on sale of TPP to persons who purchase it for use in mfg., producing, or processing TPP. NAC § 372.370(1).</p> <p>Mfg. inputs exemption limited to TPP incorporated into manufactured articles to be sold. NAC § 372.370.</p> <p>Wired and Wireless Equip.: taxable. NRS § 372.105. Both services are not taxed. NRS § 363C.</p> <p>Cable Service: Equip.: taxable. NRS § 372.105; NAC § 372.155(3). Services are not taxed. NRS § 363C, 372.734, 374.739.</p> <p>Electric and Gas: Equip.: taxable. NRS § 372.105. Electricity/gas not taxed. NRS § 374.300, 372.295.</p> <p>Retail Est.: electricity is exempt. NRS § 372.295, POS & F&F: taxable.</p>	<p>Prewritten software is taxable but not if electronically delivered. No business exemption. NAC § 372.880; NRS §§ 360B.420, 360B.470. Custom software not taxed. NRS § 360B.470; NAC §§ 372.875, 372.023, 372.880.</p> <p>SaaS is not taxable. NRS §§ 360B.420, 360B.485, 372.085.</p> <p>Data processing and info services are not taxable. NRS §§ 372.105, 372.185.</p> <p>Digital products not taxed.</p> <p>No MPU necessary.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) partial – exclusion for advertising services (NRS § 372.748); (2) provision allows marketplace sellers to continue to collect based on a mutual agreement (NRS § 372.751); (3) MPF does not have the same rights and duties as other sellers; (4) provision allows liability to shift to a marketplace seller for incorrect or insufficient information (NRS §§ 372.752, 374.757).</p> <p>MPFs are not required to collect other taxes. A.B. 445 (2019); NRS §§ 372.746 through NRS 372.754; NV Dept. of Taxation, Marketplace Facilitators and Marketplace Sellers; MPF/Seller FAQs.</p> <p>Threshold: \$100,000 or 200 transactions based on retail sales. Remote Sellers – Nev. Admin. Code § 372.856.</p>	<p>17 local sales tax jurisdictions; ratio of 184,900.</p> <p>Central administration of the local taxes. NRS §§ 374.723, 374.380. Locals use the same tax base.</p> <p>Website has current and historical tax rates and a boundary database. http://tax.nv.gov/Publications/Sales_and_Use_Tax_Publications/.</p>	<p>No "good faith" req. imposed when accepting certs. Sellers allowed 120 days to obtain valid certificates on audit. NAC §§ 372.730, 372.735.</p> <p>Yes. MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 0.25% of tax due. NRS §§ 372.370(1), 372.355.</p> <p>Direct pay limited to purchasers who do not maintain a place of business in NV. NRS § 360B.260(1).</p> <p>Tax liability relief for sellers and purchasers relying on DOT guidance. NRS § 360B.250.</p>	<p>No advance payments.</p> <p>Credit limited to use tax. NAC 372.055. Full credit for other states' state and local taxes.</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments.</p> <p>Bad debt provision does not apply to private-label credit cards. NRS §§ 372.368(1), (4).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/ out going through the seller. NRS § 372.630(2).</p> <p>False claims act may apply to taxes. NRS § 357.010 et seq.</p> <p>Class action suits may be allowed.</p>

New Jersey

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 43%.</p> <p>Mfg. equip. exemption limited to M&E for use directly and primarily in the production of TPP through mfg., assembling, or refining. NJRS § 54:32B-8.13(a).</p> <p>Mfg. inputs exemption limited to TPP which will become part of the finished product. NJRS § 54:32B-8.13(a); NJAC 18:24-4.4(a).</p> <p>Wired and Wireless Equip.: exempt. NJRS § 54:32B-8.13(c). Both taxed. NJRS § 54:32B-3(f)(1).</p> <p>Cable Service: Equip.: exempt. NJRS § 54:32B-8.13(c). Cable television services are not taxed. NJRS § 54:32B-2(cc)(13).</p> <p>Electric and Gas Equip.: exempt. NJRS § 54:32B-8.13(b). Electricity/gas are taxed. NJRS § 54:32B-2(g), -3(a), -8.11.</p> <p>Retail Est.: electricity, POS & F&F: taxable. NJRS § 54:32B-2(g), -3(a).</p>	<p>Prewritten software is taxable. However, prewritten software "delivered electronically and used directly and exclusively in the conduct of the purchaser's business" is exempt. NJRS § 54:32B-2(g), -3(a). Custom software is not taxed. NJAC 18:24-25.3, TB-51R.</p> <p>SaaS is not taxed. NJRS § 54:32B-3(b)(12). TB-72.</p> <p>Data processing services are not taxed. S&U-4 - New Jersey Sales Tax Guide.</p> <p>Info services are taxable. NJRS § 54:32B-3(b)(12). No business exemption. NJRS § 54:32B-3(b)(12). S&U-4, New Jersey Sales Tax Guide; Publication ANU-29.</p> <p>Tax imposed on specified digital products. NJRS § 54:32B-2(zz), -3(a).</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors; (2) allows marketplace sellers to continue to collect based on a mutual agreement; (3) MPF has the same rights and duties as other sellers (NJRS, § 54:32B-2); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information. NJRS § 54:32B-3.6.</p> <p>MPFs are required to collect other taxes by statute. NJRS § 54:32F-1. NJRS §§ 54:32B-24.1, 54:32B-3.6;</p> <p>New Jersey Division of Taxation, Sales Tax Information for Remote Sellers (P.L. 2018, c. 132); TB-83; Sales Through a Marketplace.</p> <p>Threshold: \$100,000 and 200 transactions based on gross sales. Sales Tax Information for Remote Sellers; NJRS, § 54:32B-3.5.</p>	<p>No local sales tax jurisdictions.</p> <p>Website has current and historical tax rates. http://www.state.nj.us/treasury/taxation/salestax.shtml.</p>	<p>No "good faith" req. imposed when accepting certs. NJAC 18:24-10.4(c), TB-66. Sellers allowed 120 days to obtain valid certificates on audit. NJAC 18:24-10.4(d); TB-66.</p> <p>SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>No vendor comp.</p> <p>Direct pay allowed if shown it is impossible to determine at the time of sale. NJRS § 54:32B-12(b).</p> <p>Tax liability relief limited to sellers and purchasers relying on DOT guidance related to SSUTA.</p> <p>NJRS § 54:32B-14(g).</p>	<p>Sellers that collect > \$30,000 during the preceding calendar year must make a payment for the first and second months of each calendar quarter if the amount of tax due for that month exceeds \$500. NJAC 18:24-11.2.</p> <p>Credit limited to use tax. Provides credit for other states' state & local taxes. NJRS § 54:32B-11(d).</p> <p>State accelerates certain lease payments. NJRS § 54:32B-7(c). Credit against other states' tax on accel. lease payments allowed.</p> <p>Bad debt provision does not apply to private-label credit cards. NJRS § 54:32B-12.1.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/ out going through the seller. NJRS § 54:32B-20(a).</p> <p>False claims act excludes taxes. NJRS § 2A:32C-2. See also <i>State of New Jersey ex rel. Campagna v. Post Integrations, Inc.</i>, 166 A.3d 1177 (N.J. Super. Ct. App. Div. 2017).</p> <p>Class action suits not allowed. NJS § 54:49-14(c); <i>Avallone v. Sears Holding Corp.</i>, 000004-2010, 2013 WL 1501450 (N.J. Tax App. 1, 2013).</p>

New Mexico

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 60%.</p> <p>Qual. equip., including machinery, equip., tools, computer hardware and software used directly in mfg. is deductible (eff. 1/1/22 - limited in scope). NMS § 7-9-46(C); NMS § 7-9-46(G)(3).</p> <p>Mfg. inputs are deductible if incorporated into, destroyed, depleted or transformed in mfg. NMS § 7-9-46(B); 7-9-46(G)(1).</p> <p>Wired and Wireless Equip.: taxable. NMS §§ 7-9-3(O), 7-9-3.5. Both services taxable. NMS §§ 7-9-3(R), 7-9-3.5; NMAC § 3.2.1.18(A).</p> <p>Cable Service: Equip.: taxable. NMS §§ 7-9-3(O), 7-9-3.5. Services are taxable. NMS §§ 7-9-3(R), 7-9-3.5; NMAC § 3.2.1.18(A).</p> <p>Electric and Gas: Equip.: taxable. NMS §§ 7-9-3(O), 7-9-3.5. Electricity/Gas are taxed. NMS § 7-9-3.5.</p> <p>Retail Est.: electricity, POS & F&F: taxable. NMS § 7-9-3.5.</p>	<p>Prewritten and custom software are taxable. No business exemption. NMS §§ 7-9-3(C), 7-9-3.5; NMAC §§ 3.2.1.7(G)(3), 3.2.1.15(J), 3.2.1.18(M).</p> <p>SaaS is taxable. The definition of "digital good" includes "digital software." No business exemption. NMS §§ 7-9-3(C), 7-9-3.5; NMAC §§ 3.2.1.7(G), 3.2.1.27(B).</p> <p>Data processing and info services are taxable. No business exemption. NMS §§ 7-9-3(R), 7-9-3.5; NMAC §§ 3.2.1.18(K), 3.2.1.29(A)(3).</p> <p>Tax imposed on digital products. NMS §§ 7-9-3(C), 7-9-3(O); NMAC § 3.2.1.7(D).</p> <p>No MPU.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors (NMS § 7-9-3(L); NMAC § 3.2.1.20(A), 7-9-3(K)(2), NMS 7-9-3(K)(1), (2) no waiver provision (NMS § 7-9-3.5(A)(2)(g); NMAC § 3.2.1.20(A)); (3) MPF does not have the same rights and duties as other sellers (NMS § 7-9-3); (4) MPF not liable if it relied on erroneous information (NMS § 7-9-5(C)).</p> <p>MPFs are not required to collect other taxes. NMS §§ 7-9-3.3, 7-9-3.</p> <p>Threshold: \$100,000 based on taxable sales. NMS § 7-9-3.3.</p>	<p>234 local sales tax jurisdictions; ratio of 9,000.</p> <p>Central administration of the local taxes. NMS §§ 7-1-6.12, 7-1-6.13, 7-19D-7, 7-20E-7. Locals use the same tax base. NMS §§ 7-19D-4, 7-20E-4.</p> <p>Website has current and historical tax rates and is scheduled to have a boundary database. http://www.tax.newmexico.gov/Businesses/tax-fables.aspx</p> <p>https://www.tax.newmexico.gov/governments/gross-receipts-location-code-and-tax-rate-map/</p>	<p>"Good faith" req. imposed when accepting certs. NMS § 7-9-43(D); NMAC § 3.2.201.14. Sellers allowed only 60 days to obtain valid certificates on audit. NMAC § 3.2.201.8(A)(2).</p> <p>MTC and SSUTA exemption certs. may be used in limited circumstances. NMS §§ 7-9-43(A); NMAC §§ 3.2.201.13, 3.2.201.19.</p> <p>Buyers must put the seller's gross receipts tax registration number on the certificate. NMAC § 3.2.201.9; NMS § 7-9-43(A).</p> <p>No vendor comp.</p> <p>Does not issue direct pay permits. Limited ability to enter into agreements. NMS § 7-1-21.1.</p> <p>Limited to Sellers who rely on the location-rate database. NMS § 7-1-4(J). Otherwise, no state tax liability relief for sellers and purchasers relying on TRD guidance except general penalty relief provisions. NMS § 7-1-69; NMAC § 3.1.11.11(A).</p>	<p>No advance payments.</p> <p>NM permits a credit against gross receipts or compensating tax. NMS §§ 7-9-79(A), 7-9-79.1, 7-5-1. Full credit for other states' state and local taxes. NMAC § 3.2.301.8; NMS § 7-5-1, Art. V; NMAC § 3.2.301.8.</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments.</p> <p>Bad debt provision could apply to private-label credit cards, but the deduction is available only to taxpayers who report gross receipts or governmental basis. NMS § 7-9-67; NMAC § 3.2.227.10(A).</p>	<p>No written policy for taxpayers to use sampling. NMS § 7-1-1.1B(3). https://www.tax.newmexico.gov/wmp-content/uploads/sites/4/2020/10/General_Audit_Manual_07.16.20.pdf.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Limited to purchasers of property or services who owe compensating use tax. Otherwise, a person seeking refund must go through the seller.</p> <p>NMS § 7-1-26.</p> <p>False claims act excludes taxes. NMS § 44-9-3(E).</p> <p>No direct class action, proposed class members are required to individually exhaust their administrative remedies under the Tax Admin. Act. NMS § 7-1-22.</p>

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 42%.</p> <p>Mfg. equip. directly and predominately used or consumed in the production of TPP, gas, electricity, refrigeration, or steam exempt. NYTL § 1115(a)(12).</p> <p>Mfg. inputs exemption limited to materials sold as a physical component part. NYTL § 1101(b)(4). See NYTL §§ 1115(c)(1) (fuel used in mfg.), 1115(a)(36), 1105-B(a)</p> <p>Wired and Wireless Equip.: exempt. NYTL § 1115(a)(12)-a). Both services are taxed on consumer level. NYTL §§ 186-e, 1105(b)(1)-(3).</p> <p>Cable Service: Equip.: partially taxable (limited to equip. used in programming and transmission). NYTL §§ 1115(c)(38), (39). Services not taxed. NYTL §§ 1105(c)(9)(i), (ii), 186-e 2(b)(2).</p> <p>Electric and Gas: Equip.: exempt. NYTL §§ 1115(a)(12), (c)(1), (c)(2). Electricity/gas are taxed, w/ exemptions. NYTL § 1105(b)(1).</p> <p>Retail Est.: electricity, POS & F&F: taxable. N.Y. Tax Law § 1105(b)(1).</p>	<p>Prewritten software is taxable. No business exemption. NYTL § 1101(b)(6); Tax Bulletin ST-128 (TB-ST-128). Custom software is not taxable. NYTL § 1101(b)(6); Tax Bulletin ST-128 (TB-ST-128).</p> <p>SaaS is taxed w/out clear statutory authority. No business exemption. NY Dept. of Taxation and Finance, Bulletin No. TB-ST-128.</p> <p>Data processing services are not taxable. TSB-A-15(20)S (May 26, 2015), New York TSB-A-06(30)S (Dec. 8, 2006). Info services are taxable. NYTL §§ 1105(c)(1), 1110(a). No business exemption. NYTL § 1105(c); TSB-M-10(7)S (July 19, 2010).</p> <p>No tax imposed on digital products. TSB-M-11(5)S (4/11).</p> <p>Allows MPU, Sales Tax Bulletin TB-ST-128 (August, 2014).</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors (NYTL § 1101(e)(1)); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (NYTL § 1131); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (NYTL § 1133 (f)).</p> <p>MPFs are not required to collect other taxes. NYTL §§ 1131, 1101; § 1132d; New York Department of Taxation and Finance, TSB-M-19(2.1)S (Oct. 17, 2019).</p> <p>Threshold: \$500,000 and 100 transactions based on gross receipts of TPP. NYTL § 1101(b)(8)(iv); Registration requirement for businesses with no physical presence in NY State.</p>	<p>83 local sales tax jurisdictions; ratio of 239,000.</p> <p>Central admin. of the local taxes. Some locals do not use the same tax base as the state. NYS Office of the State Comptroller, "Understanding Local Government Sales Taxes in NY State: 2020 Update."</p> <p>Website has current and historical tax rates, but no boundary database. https://www.tax.ny.gov/pubs_and_bulls/publications/sales/rates_by_local_jurisdiction.htm.</p>	<p>"Good faith" req. imposed when accepting certs. 20 NYCRR 532.4(b)(2). No 120-day provision for sellers to obtain valid certs. on audit. 20 NYCRR 532.4(b)(2).</p> <p>MTC and SSUTA exemption certs. may not be used. NYTL § 1132(c); TB-ST-240 (3/10).</p> <p>Sellers not required to verify exemption account numbers. NYCRR 532.4(b). Limited vendor comp.: 5% of taxes due (capped at \$200 per reporting period) for quarterly and annual filers. Sellers filing monthly returns or subject to PromptTax are not eligible for the comp. NYTL § 1137(f); TB-ST-925.</p> <p>NY has a broad-based direct pay provision. NYTL § 1132(c)(2).</p> <p>No tax liability relief for sellers and purchasers relying on DOTF guidance.</p>	<p>Sellers owing > \$500,000 per year must make advance payments. NYTL § 10(b)-(c). Accel. sales tax payments are required 3 business days after the 22nd of each month.</p> <p>Credit limited to use tax. NYTL § 1118(7) (a); TB-ST-765. Full credit for other states' state and local taxes. NYTL § 1118(7).</p> <p>State accelerates certain lease payments. Limited credit on accel. lease payments. NYTL § 1111(f); 20 NYCRR § 527.15(f); TSB-A-15(50)S.</p> <p>Bad debt provision does not apply to private-label credit cards.</p>	<p>NY has a written sampling policy, w/limitations during audits. Pub. 132 (10/01). https://www.tax.ny.gov/pdf/publications/sales/pub132.pdf.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/out going through the seller. TB-ST-350 (6/14).</p> <p>False claims act applies to certain taxes incl. sales taxes. NYFL § 187 et. seq.; See e.g., <i>People Schneiderman v. Sprint Nextel Corp.</i>, 26 N.Y.3d 98 (2015).</p> <p>Class action lawsuits allowed for taxes. <i>Estler v. Dunkin Brands, Inc.</i>, 2016 WL 3086073 (S.D.N.Y.).</p>

North Carolina

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 41%.</p> <p>Limited exemption for mfg. equip. for machinery parts and accessories used in the production process. NCGS §§ 105-187.51, 105-164.13, 105-164.13 (5e)-(5m).</p> <p>Mfg. inputs exemption limited to sales of TPP that enter into or become an ingredient or part, including some consumables. NCGS § 105-164.13(8). Exemption for fuel, electricity, and gas connected with of a mfg. (w/conditions). NCGS. § 105-164.13(57).</p> <p>Wired and Wireless Equip.: exempt. NCGS § 105-164.13(5b). NC Sales and Use Tax Bulletins No 80-4 and 80-5. Both taxed. NCGS § 105-164.4C.</p> <p>Cable Service: Equip.: exempt. NCGS § 105-164.13(5d). Services taxed. NCGS § 105-164.4(a)(6).</p> <p>Electric and Gas: Equip.: taxable, mfg. is exempt. NCGS §§ 105-164.13(8), (8a). SUBT 33. SUBT 57. Both taxed, w/exemptions. NCGS §§ 105-164.4(a)(9), 105-164.13.</p> <p>Retail Est.: electricity, POS & F&F: taxable. NCGS §§ 105-164.4(a)(9), 105-164.4(a)(1)a.</p>	<p>Prewritten software is taxable. No business exemption. NCGS §§ 105-164.3, 105-164.4(a)(1). Custom software is not taxable. NCGS §§ 105-164.13(43), 105-164.3.</p> <p>SaaS not taxable. North Carolina Dept. of Revenue, Private Letter Ruling No. SUPLR 2018-0005; North Carolina Dept. of Revenue, SUBT 19; Sales and Use Tax Bulletins No. 19-3.</p> <p>Data processing services are not taxable. NC Sales and Use Tax Bulletin (SUBT) No. 19; SUBT 48. Tax is imposed on some info services ("digital reports, or another publication") w/o clear statutory authority. NCGS §§ 105-164.4(a)(1)b, 105-164.3(5) & (33). SUPLR 2021-0019 SUBT No. 48; NCGS 105-164.3(103).</p> <p>Tax imposed on digital products. NCGS § 105-164.4(a)(1)(b).</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors; (2) no waiver provision; (3) a MPF has the same rights and duties as other sellers; (4) provision allows liability to shift to a marketplace seller if it provides incorrect information. NCGS § 105-164.4.</p> <p>MPFs are required to collect other taxes by statute. See also NCGS §§ 153A-154.1, 105-187.5, 105-187.16, 105-187.21, 105-187.31, 143B-1403. § 105-164.41; NC DOR MPF and Marketplace Sellers Frequently Asked Questions: SUBT 59 MPF and Sellers.</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. NCGS §§ 105-164.8(b)(9), -164.8(b)(10).</p>	<p>104 local sales tax jurisdictions; ratio of 101,500.</p> <p>Central admin. of the local taxes. NCGS §§ 105-469(a), 105-483, 105-498, 105-507.2, 105-509.1, 105-538. Locals use the same tax base. NCGS §§ 105-467, 105-474, 105-483, 105-498, 105-507.2, 105-509.1, 105-537, and Chapter 109.6 of the 1967 Session Laws.</p> <p>Website has current and historical tax rates, and a boundary database. https://www.ncdor.gov/taxes-forms/sales-and-use-tax/streamlined-sales-tax-information/use-tax/sales-tax-boundary-databases.</p>	<p>No "good faith" req. imposed when accepting certs. NCGS § 105-164.28(a). Sellers allowed 120 days to obtain valid certificates on audit. NCGS § 105-164-28(b).</p> <p>MTC (resale only) and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers but are required to capture exemption numbers. NCGS § 105-164.28(a).</p> <p>No vendor comp.</p> <p>Direct pay limited to applicants with at least \$5M in annual TPP purchases. NCGS § 105-164.27A(a). North Carolina Sales and Use Tax Bulletins No. 24-4.</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. NCGS §§ 105-164.42L, 105-264.</p>	<p>Sellers owing \$20,000 or more per month must make advance payments w/prior month's return. NCGS § 105-164.16(b2). Credit limited to use tax. NCGS § 105-164.6(c). Tax credit limited state to state and local to local.</p> <p>No accel. lease payments. Credit against other states' tax on accel. lease payments. NCGS § 105-164.6(c).</p> <p>Bad debt provision generally does not apply to private-label credit cards. NCGS § 105-164.13(15); Home Depot U.S.A., Inc. v. N.C. Dep't of Revenue.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>Contingent fee and private-contract auditing prohibited. NCGS § 105-243.1(b1).</p> <p>Very limited written process for certain purchasers to obtain refunds from the state w/out going through the seller (e.g., certain cancelled service contracts). NCGS § 105-164.11A(b)(2); Sales and Use Tax Technical Bulletin 79-7.</p> <p>False claims act excludes taxes. NCGS § 1-607(c).</p> <p>Some class action suits allowed. NCGS §§ 105-241.18; 105-164.4(jf).</p>

North Dakota

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 48%.</p> <p>Mfg. equip. exemption covers M&E used directly in mfg. of TPP and must be used in a new mfg. plant or in a physical or economic expansion of an existing mfg. plant. NDCC § 57-39.2-04.3(1).</p> <p>Mfg. inputs exemption limited to inputs that enter or become ingredients/components of TPP. NDCC §§ 57-39.2-01(21).</p> <p>Wire and Wireless equip.: taxable. NDCC § 57-39.2-04.3(3). Both services taxed (sales or excise tax). NDCC §§ 57-39.2-04.3(3), 57-39.2-01(17), 57-34-03.</p> <p>Cable Service: Equip.: taxable. NDCC § 57-39.2-02.1. Services not taxed. NDAC §§ 81-04.1-04-41.1(6)(p)(7); radio & tv prog. excluded from "telecom. service" def.</p> <p>Electric and Gas: Equip.: taxable. See NDCC § 57-39.2-04.3(6)(e). Electricity and gas not taxed. NDCC §§ 57-39.2-04(27), (49), (53).</p> <p>Retail Est.: Electricity is not taxable. NDCC § 57-39.2-04(27). POS & F&F: taxable.</p>	<p>Prewritten software is taxable. No business exemption. NDAC § 81-04.1-03-11(5); Sales Tax - Computers; Sales Tax Newsletter; NDCC § 57-39.2-02.1(1)(g). Custom software not taxable. NDAC § 81-04.1-03-11(1); Sales Tax - Computers; Sales Tax Newsletter; NDCC § 57-39.2-02.1(1)(g).</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) partial - exclusions for payment processors (NDCC § 57-39.2-02.3); (2) no waiver provision; (3) a MPF has the same rights and duties as other sellers (NDCC § 57-39.2-02.3); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (NDCC §§ 57-40.2-02.4(4)(b), 57-39.2-02.3(4)(b)).</p> <p>MPFs are required to collect other taxes by statute. NDCC § 57-39.2-02.3(3)(d); https://www.nd.gov/tax/user/businesses/forms-publications/sales-use-tax/streamlined-sales-use/marketplace-facilitator.</p> <p>Threshold: \$100,000 based on taxable sales.</p> <p>NDCC § 57-39.2-02.2; § 57-40.2-02.2; https://www.nd.gov/tax/remoteseller/.</p>	<p>157 local sales tax jurisdictions; ratio of 4,900.</p> <p>Central admin. of local taxes. NDCC §§ 11-09.1-05(5)(d), 40-05.1-06(5)(d), 57-01-02.1(1). Locals use the same tax base. NDCC §§ 11-09.1-05(5)(a), 40-05.1-06(5)(a).</p> <p>Website has current and historical tax rates and a boundary data base. https://www.tax.nd.gov/business/sales-and-use-tax/local-taxes-city-and-county-taxes/city-and-county-local-tax-rate-changes#Boundary.</p>	<p>No "good faith" req. imposed when accepting certs. NDCC § 57-39.2-10. Sellers allowed 120 days to obtain valid certs. on audit. NDCC § 57-39.4-18(4)</p> <p>SSUTA and MTC exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 1.5% of tax due (capped at \$110 per return). NDCC § 57-39.2-12.1(1).</p> <p>Direct pay allowed to applicants making sufficient purchases to justify the expense of tax department audits. NDCC § 57-39.2-14.1; NDAC 81-04.1-01-05.</p> <p>Limited tax liability relief for sellers and purchasers relying on DOR guidance. NDCC §§ 57-39.2-31, 4-07.</p>	<p>No advance payments.</p> <p>Credit limited to use tax. Full credit for other state and local taxes. NDCC § 57-40.2-11.</p> <p>State accelerates certain lease payments. Credit against other states' tax on accelerated lease payments. NDCC § 57-40.2-11.</p> <p>Bad debt provision does not apply to private-label credit cards. NDCC § 57-39.2-05.</p>	<p>No published policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>State has limited written process allowing purchasers to obtain refunds from the state on local taxes w/out going through the seller. https://www.nd.gov/tax/data/upfiles/media/claim-for-refund.pdf.</p> <p>False claims act excludes taxes.</p> <p>No known use of class action suits.</p>

Ohio

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 41%.</p> <p>Mfg. equip. exemption limited to M&E primarily used in mfg. ORC §§ 5739.02(B) (42)(g), .011.</p> <p>Mfg. inputs exemption limited to materials primarily used in mfg., and materials used to manufacture mfg. equipment and to test raw materials, in-process product and finished goods. ORC §§ 5739.011(B), (D).</p> <p>Wired and Wireless Equip.: exempt. ORC § 5739.02(B) (34). Both services taxed at consumer level. ORC § 5739.01.</p> <p>Cable Service: Equip.: exempt. ORC § 5739.02(B) (53). Services are not taxed at consumer level. ORC § 5739.01(B)(3)(p).</p> <p>Electric and Gas: Equip.: exempt. ORC § 5739.02(B) (42)(a). Electricity/gas is subject to utility or sales taxes. ORC § 5739.02(B)(7).</p> <p>Retail Est.: electricity - exempt. ORC § 5739.02(B)(7). POS & F&F: taxable.</p>	<p>Prewritten software is taxable. No business exemption. ORC §§ 5739.01(B) (1), (Y). Custom software is not taxable. ORC §§ 5739.01(B)(1), (WW), (BBB); OH Tax Info Release No. ST 2003-06.</p> <p>SaaS is taxed, but only to business purchasers. Based on Dept's interpretation of ORC §§ 5739.01(B)(3) (c) & (Y).</p> <p>Data processing and info services are taxable only to business purchasers. ORC § 5739.01; OAC § 5703-9-46; Sales and Use - Applying the Tax.</p> <p>Tax imposed on digital products. ORC § 5739.01(B)(12).</p> <p>MPU allowed. ORC § 5739.033(D).</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) partial - exclusions for advertisers; (2) has a waiver provision; (3) MPF has the same rights and duties as other sellers; (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information. ORC §§ 5741.01, 5741.11, 5741.071.</p> <p>MPFs are not required to collect other taxes. ORC §§ 5741.01, 5741.04, 5741.05, 5741.07, 5741.071, 5741.11, 5741.13, and 5741.17; Ohio Dept. of Taxation, Marketplace Facilitators: Substantial Nexus and Marketplace Facilitator Changes.</p> <p>Threshold: \$100,000 or 200 transactions based on retail sales. ORC § 5741.01(I) (2); Substantial Nexus and MPF Changes: Sales & Use Tax: Out-of-State Sellers; Ohio DOT FAQs (Q15).</p>	<p>93 local sales tax jurisdictions; ratio of 126,700.</p> <p>Central admin. of local taxes. ORC §§ 5739.05(A), 5741.06. Locals use the same tax base. ORC §§. 5739.021(A), .026(A); 5741.021(A)(2), .023(A)(2).</p> <p>Website has current and historical tax rates, and a boundary database. http://www.tax.ohio.gov/sales_and_use/rate_changes.aspx.</p>	<p>No "good faith" req. imposed when accepting certs. ORC § 5739.03(B)(4). Sellers allowed 120 days on to obtain valid certs. on audit. ORC § 5739.03(B).</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 0.75% of tax due per return. ORC § 5739.12(B)(1).</p> <p>Has a broad-based direct pay provision. ORC § 5739.031.</p> <p>Tax liability relief for sellers and purchasers relying on DOT guidance. OAC § 5703-9-51.</p>	<p>Sellers > \$75K per year must make monthly advance payments w/ prior month's return. ORC § 5739.122.</p> <p>Credit limited to use tax. ORC § 5741.02(C) (5).</p> <p>Full credit for other states' state and local taxes.</p> <p>State accelerates certain lease payments. Credit against other states' tax on accel. lease payments. ORC § 5741.02(C)(5).</p> <p>Bad debt provision, per H.B. 322 (2022), now applies to private-label credit cards.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private contract auditing.</p> <p>Purchasers can obtain refunds from the state w/ out going through the seller. ORC § 5739.07.</p> <p>No false claims act for taxes.</p> <p>Class action suits generally not allowed. <i>Volbers-Klarich v. Middletown Mgt., Inc.</i>, 929 N.E.2d 434 (Ohio 2010).</p> <p>Other Issue</p> <p>Tax on ADP/EIS only applying to business purchases (and not end-use consumption) is contrary to the intent of sales taxes. Ohio already has a gross receipts tax (CAT) with pyramiding issues, and this sales tax solely on business inputs makes matters worse.</p>

Oklahoma

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 47%.</p> <p>Mfg. equip. exemption covers the sales of goods, wares, merchandise, TPP, M&E to a manufacturer for use in a mfg. operation. 68 OS § 1359(1). Exemption covers the entire mfg. operation beginning at materials entering the mfg. site and ending at the point where finished products leave the mfg. site. 68 OS § 1352(15).</p> <p>Mfg. inputs exemption applies to all TPP, including energy, for use in mfg. operation. 68 OS §§ 1359(1), 1359.2.</p> <p>Wired and Wireless Equip.: Taxable. Services are taxed. 68 OS § 1354(A)(4).</p> <p>Cable Service: Equip.: exempt. 68 OS §§ 1359(8), (9). Services are generally not taxed. 68 OS § 1354.</p> <p>Electric and Gas: Equip.: exempt. 68 OS §§ 1359(1), 1352(24). Electricity/Gas sold taxed, w/state tax exempting residential sales. 68 OS §§ 1354(A)(2), 1357(8).</p> <p>Retail Est.: electricity, POS & F&F: taxable. 68 OS § 1354(A)(2).</p>	<p>Prewritten software is taxable but not if delivered electronically. No business exemption. 68 OS § 1352(24); OAC § 710:65-19-52(c). Custom software is not taxable. OAC § 710:65-19-52(g).</p> <p>SaaS not taxed. 68 OS §§ 1354(A), § 1357(32).</p> <p>Data processing and info services are not taxable. OAC § 710:65-19-86; 68 OS § 1354(A).</p> <p>No tax imposed on digital products. 68 OS §§ 1354(A)(4)(a)(9); 1357(32).</p> <p>No MPU necessary.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors (68 OS § 1391); (2) no waiver provision; (3) MPF that elects to collect and remit the tax has the same rights and duties as other sellers (68 OS § 1392(B)); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information. 68 O.S. § 1396 (D).</p> <p>MPFs are not required to collect other taxes. 68 OS §§ 1391 - 1394; OK Tax Commission, FAQ.</p> <p>Threshold: \$100,000 based on taxable sales. Oklahoma Remote Seller Law: 68 OS § 1392(G).</p>	<p>601 local sales tax jurisdictions; ratio of 6,600.</p> <p>Central admin. of the local taxes. 68 OS § 281. Locals generally have the same tax base. However, sales of gas and electricity for residential use are exempt from state levies but not local levies. 68 OS § 1357(8).</p> <p>Website has current and historical tax rates, and a boundary database. https://www.ok.gov/tax/Businesses/Tax_Types/Business_Sales_Tax/Sales_Use_Lodging_Tax_Rate_Charts/.</p>	<p>No "good faith" req. imposed when accepting certs. 68 OS § 1361(A)(3), OAC § 710:65-7-6. Sellers allowed 120 days to obtain valid certs. on audit. 68 OS § 1361(A)(3).</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>No vendor comp.</p> <p>Direct pay allowed to persons who purchase \$800,000 or more annually in taxable items and purchasers of drugs and medical equipment. 68 OS § 1364.1(B).</p> <p>Tax liability relief for sellers and purchasers relying on OTC guidance. 68 OS § 1354:32(7), OAC § 710:65-7-16.</p>	<p>Every person owing >\$2,500 or more per month (\$30,000 or more per year) in sales taxes in the previous fiscal year must participate in the Tax Commission's electronic funds transfer and electronic data interchange program. For sales from the 1st through the 15th of the month, the tax is due on the 20th day of such month. For sales from the 16th through the end of each month, the tax is due on the 20th day of the following month. 68 OS § 1365(D).</p> <p>Credit limited to use tax. 68 OS § 1404(3). Full credit for other states' state and local taxes. 68 OS § 1404(3). The credit is limited to state-to-state and local-to-local. OAC § 710:65-21-20(3).</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. OAC § 710:65-1-11.</p> <p>Bad debt provision does not apply to private-label credit cards. 68 OS § 1366(A).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>Contingent fee auditing is specifically prohibited. 68 OS §§ 120, 262. However, OTC may use private-contract auditing.</p> <p>Purchasers can obtain refunds directly from the state w/out going through the seller. 68 OS § 1354.26(A); OAC § 710:65-11-1.</p> <p>False claims act does not apply to taxes. 68 OS § 282.</p> <p>Class action suits not allowed. 68 OS § 282.</p>

Pennsylvania

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 42%.</p> <p>Mfg. equip. exemption limited to TPP directly and predominately used in mfg. or processing. 72 PS § 7201(k)(8)(A), (D).</p> <p>Mfg. inputs that are used or consumed in the mfg. process qualify for the mfg. exemption provided the items are directly and predominately used in the mfg. process. 72 PS § 7201(c), (k)(8).</p> <p>Wired and Wireless: Wired equip.: exempt. Wireless equip.: partially taxable. 72 PS §§ 7201(d)(17), (k)(8)(C); 61 PC § 60.20(n).</p> <p>Both services taxed except for sub. line charges and basic res. local tel. service; 72 P.S. § 7201(m)(1), (r), 7204(5).</p> <p>Cable Service: Equip.: exempt. 72 PS §§ 7201(d)(12), (m). Premium cable services are taxed. 72 PS §§ 7201(m)(1), (ll).</p> <p>Electric and Gas: Equip.: exempt. 72 PS §§ 7201(k)(8)(A), (C); 61 PC §§ 32.32(a), 32.34(a). Both services are taxable, w/exemption for res. and mfg. 72 PS §§ 7201(m), 7204(5); 61 PC § 31.1.</p> <p>Retail Est.: electricity, POS & F&F: taxable. 72 PS § 7201(m).</p>	<p>Prewritten software is taxable. No business exemption. PS 72 §§ 7201(m)(2), 7204(73); PC 61 § 60.19(c)(2)(i); Sales Tax Bulletin No. 2005-04; Digital Products.</p> <p>Custom software is not taxed. PC 61 § 60.19(c)(2)(ii).</p> <p>SaaS is taxed. No business exemption. 72 PS § 7201(m)(2); PA DOR Sales and Use Tax Ruling No. SUT-12-001.</p> <p>Data processing services are not taxable. 61 PC § 60.19. Info services are taxable. No business exemption. 72 PS 7201(m) (2); 61 PC § 9.3(a)(9); PA Sales and Use Tax Ruling No. SUT-17-002 (May 17, 2017).</p> <p>Tax imposed on digital products. 72 PS § 7201(m)(2); 61 PC § 60.19.</p> <p>MPU allowed. Pa. Letter Ruling No. SUT-12-001 (May 31, 2012).</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors (72 PS § 7213); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (72 PS § 7201); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (72 PS § 7213.5; § 7230).</p> <p>MPFs are not required to collect other taxes. PA DOR Sales and Use Tax Bulletin 2019-01; Online Retailers Selling Goods and Services to PA Customers.</p> <p>Threshold: \$100,000 based on gross sales. 72 PS § 7201(b); Online Retailers Selling Goods and Services to Pennsylvania Customers: Sales and Use Tax Bulletin 2019-01.</p>	<p>2 local sales tax jurisdictions; ratio of 6,482,000.</p> <p>Central admin. of the local taxes. 53 PS §§ 12720.501, .506(2); 16 PS §§ 6152-B(a). Locals use the same tax base. 53 PS § 12720.503; 16 PS §§ 6152-B(a), (b).</p> <p>Website has current and historical tax rates but no boundary database. http://www.revenue.pa.gov/GeneralTaxInformation/News%20and%20Statistics/Pages/Reports%20and%20Statistics/Tax-Compendium.aspx.</p>	<p>"Good faith" req. imposed when accepting certs. 72 PS § 7237(c); 61 PC § 32.2(b). Sellers allowed only 60 days to obtain valid certificates on audit. 61 PC § 32.2(b)(2)(iii).</p> <p>Limited use of MTC exemption certs. for resale.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 1% of tax due (capped at \$25 for monthly filers, \$75 for quarterly filers, and \$150 for semiannual filers). 72 PS § 7227.</p> <p>Direct pay allowed to taxpayers that show it is impossible to determine taxability at the time of sale. 72 PS § 7237(d); 61 PC § 34.4(a).</p> <p>No tax liability relief for sellers and purchasers relying on DOR guidance.</p>	<p>Sellers remitting \$25,000 or more for third quarter of preceding year must make advance payments. 72 PS §§ 7217(a), 7246, 7247, 20th day of each month. 72 PS § 7217(a).</p> <p>Credit limited to use tax (unless state where tax paid also credits both sales and use tax). 72 PS § 7206(a); 61 PC § 31.7(b).</p> <p>Full credit for other states' state and local taxes. 61 PC § 60.16(l).</p> <p>No accel. lease payments. Unclear if PA credits other states' tax on accel. lease payments.</p> <p>Bad debt provision applies to private-label credit cards. 72 PS §§ 7247.1(a.1)-(a.3).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>Contingent fee auditing is prohibited. 72 PS § 209(b). No current private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/ out going through the seller. 61 PC § 33.3(b).</p> <p>No false claims act for taxes.</p> <p>Other Issues</p> <p>Class action suits not directly allowed, but litigation pending that may dilow it under PA's consumer protection law; Garcia v. American Eagle Outfitters in Allegheny Cty.</p>

Rhode Island

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 3.6%.</p> <p>Mfg. equip. exemption limited to use in an industrial plant in connection with actual manufacture. RIGL § 44-18-30(2)(i).</p> <p>Mfg. inputs exemption limited to ingredients, components, or integral parts. RIGL § 44-18-30(7).</p> <p>Wired and Wireless Equip.: taxable. RIGL § 44-18-30(45). Both services taxed. RIGL §§ 44-18-7(9), -12.1.</p> <p>Cable Service: Equip. taxable. Services are taxed. RIGL § 44-18-7(10).</p> <p>Electric and Gas: Equip.: exempt. RIGL § 44-18-30(7). Electricity/gas not taxed. RIGL § 44-18-30(21).</p> <p>Retail Est.: Electricity - exempt. RIGL § 44-18-30 (21). POS & F&F: not exempt.</p>	<p>Prewritten software is taxable. No business exemption. RIGL §§ 44-18-7(14), 44-18-16; Regulation 280-RICR-20-70-46. Custom software is not taxed. 280-RICR-20-70-46.</p> <p>SaaS is taxed. No business exemption. RIGL § 44-18-7.1(g)(vii); Rhode Island Dept. of Revenue, Advisory No. 2018-38.</p> <p>Data processing and info services are not taxable. RIGL §§ 44-18-7(16) & 44-18-7; Ruling Request No. 2011-01 (March 4, 2011).</p> <p>Digital products are taxed. RIGL § 44-18-7.1(x); Division of Taxation Advisory 2019-22.</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors (RIGL § 44-18.2-2); (2) no waiver provision; (3) a MPF has the same rights and duties as other sellers (RIGL § 44-18.2-3); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (RIGL § 44-18.2-3).</p> <p>MPFs are not required to collect other taxes. RIGL § 44-18.2-2; Rhode Island Division of Taxation, Remote Sellers, Marketplace Facilitators, and Referrers; ADV 2019-11.</p> <p>Threshold: \$100,000 or 200 transactions; based on gross sales. RIGL § 44-18.2-3; Remote sellers, marketplace facilitators, and referrers; FAQs; Advisory 2019-11.</p>	<p>No local sales tax jurisdictions.</p> <p>Website has current tax rates but no historical tax rates (no rate change w/ past 5 years). http://www.tax.ri.gov/help/faq.php.</p>	<p>No "good faith" req. imposed when accepting certs. RIGL § 44-18.1-18(C)(1). Sellers allowed 120 days to obtain valid certs. on audit. RIGL § 44-18.1-18(C)(1).</p> <p>SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>No vendor comp.</p> <p>Direct pay permit limited to businesses that regularly purchase goods and services for use within and outside the state. RIGL § 44-18-19.1(a).</p> <p>Tax liability relief for sellers and purchasers relying on Division of Taxation guidance. RIGL § 44-18.1-7.</p>	<p>No advance payments.</p> <p>Credit limited to use tax. Does not provide a full credit for other states' local taxes. RIGL § 44-18-30.A.</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments.</p> <p>Bad debt provision does not apply to private-label credit cards. 280-RICR-20-70-22; RIGL § 44-18.1-21.</p>	<p>Limited policy allows sampling by mutual agreement; but taxpayer is not allowed to use sampling directly for refunds. RIGL § 44-19-43(a).</p> <p>Contingent fee auditing prohibited; RIGL § 44-1-36. No current private-contract auditing.</p> <p>Purchaser must request refund from vendor.</p> <p>False claims act does not exclude taxes; there is a specific exception for personal income taxes. RIGL § 9-1.1-3(c).</p> <p>Class action suits generally allowed; w/ prohibition for class action against MPFs; RIGL § 44-18.2-3(1)(v). Long v. Dell, Inc., 984 A.2d 1074 (R.I. 2009).</p>

South Carolina

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 37%.</p> <p>Mfg. equip. exemption limited to machines used in mfg., processing, agricultural packaging, recycling, compounding, mining, or quarrying. SCC § 12-36-2120(17). Equip. must be integral and necessary to mfg. SCR 117-302.5.</p> <p>Exempt mfg. inputs include ingredients or components of TPP or comes into direct contact with and brings about a chemical or physical change: fuel, electricity, handling systems and construction materials (if inv. req. met). SCC §§ 12-36-120; 12-36-90(1)(c), -110(1)(c); -2120(9), (17), (19), (51), (67).</p> <p>Wired and Wireless Equip.: taxable. Both services are taxed. SCC §§ 12-36-910(B)(3), -1310(B)(3).</p> <p>Cable Service: Equip. generally taxable. SCC § 12-36-2120(6). Services are taxed. SCC §§ 12-36-910, 1310.</p> <p>Electric and Gas: Equip. generally taxable. Services taxed w/ certain exemptions. SCC §§ 12-36-2120(19), (33), (43), (50), (66), (79).</p> <p>Retail Est.: electricity, POS & F&F: taxable. SCC §§ 12-36-60, 12-36-910(A).</p>	<p>Prewritten and custom software are taxable but not if delivered electronically. No business exemption. SCC §§ 12-36-60; 12-36-910(B)(3), 12-36-1310(B)(3); SC Regulation 117-329.4(k); SC DOR, Rev. Ruling No. 17-2 (March 10, 2017); SC DOR Revenue Ruling #12-1.</p> <p>SaaS is taxable as a communications service. No business exemption. Tax is imposed w/out clear statutory authority.</p> <p>SC §§ 12-36-60; 12-36-910(B)(3), 12-36-1310(B)(3); SC Regulation 117-329.4(k); SC DOR Ruling No. 17-2; SC DOR Ruling #12-1.</p> <p>Data processing services not taxable. SCC § 12-36-910(C). Info services are taxable w/out clear statutory authority. No business purchase exemption. SCC §§ 12-36-910(B)(3), 12-36-1310(B)(3); Rev. Ruling #17-2.</p> <p>Tax imposed on certain digital products w/out clear statutory authority as a communication service. SCR 117-329. See also SC Rev. Rul. 03-5; SC Rev. Rul. 12-1.</p> <p>No MPU.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors. SCC § 12-36-71; (2) no waiver provision (SC Rev. Rul. #19-6); (3) MPF has the same rights and duties as other sellers (SCC § 12-36-70); (4) no provision that allows liability to shift to a marketplace seller if it provides incorrect or insufficient information.</p> <p>MPFs are required to collect other taxes by statute. SCC § 12-36-70.</p> <p>Threshold: \$100,000 based on gross sales SCC § 12-36-70; Remote Seller: SC Revenue Ruling #18-14. (1 point)</p>	<p>261 local sales tax jurisdictions; ratio of 19,900.</p> <p>Central admin. of the local taxes. SCC §§ 4-10-90(A), -350(A), -435(A), -580(A), -770(A), -940(B). Locals generally have the same tax base, but it should be noted that the exemption for certain sales of "unprepared foods" under SCC § 12-36-2120(75) is applicable only to state sales and use taxes and not to all local sales taxes.</p> <p>Website has current tax rates but does not have historical rates or a boundary database. Form ST427. https://dor.sc.gov/tax-sales/forms.</p>	<p>No "good faith" req. imposed when accepting certs. SCC § 12-36-2510. No 120-day provision for sellers to obtain valid certs. on audit. SCC § 12-36-2510(B).</p> <p>SSUTA and MTC exemption certs. may be used for sales for resales, but not for retail exemptions. SCC § 12-36-2510; SC Revenue Procedure #08-2</p> <p>Sellers not required to capture exemption account numbers pursuant to statute. SCC § 12-36-2510(B).</p> <p>Vendor comp.: 2%-3% (capped at \$3k or \$10k per year). SCC § 12-36-2610.</p> <p>SC has a broad-based direct pay provision. SCC § 12-36-2510.</p> <p>No tax liability relief for sellers or purchasers relying on DOR guidance.</p>	<p>No advance payments.</p> <p>Credit limited to use tax. SCC § 12-36-1310(C).</p> <p>Full credit for other states' state and local taxes. SC Rev. Rul. 06-4, 05-19-2006.</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments. SC Rev. Rul. 06-4, 05-19-2006.</p> <p>Bad debt provision does not apply to private-label 90(2)(h), -130.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No known contingent fee or private-contract auditing for sales tax.</p> <p>Purchaser can obtain seller's assignment of refund claim to apply directly to DOR for refund. Form ST-14 (8/10); SC Rev. Proc. #21-1.</p> <p>False claims act excludes taxes.</p> <p>Class action suits not allowed. SCC § 12-60-80(C).</p> <p>Other Issues</p> <p>Amazon Services, LLC v. South Carolina Department of Revenue. Retroactive attempt to impose MPF law.</p>

South Dakota

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 58%.</p> <p>No mfg. equip. exemption for M&E used in mfg. SDCL §§ 10-45-2, 10-45-2.4, 10-45-6.1, 10-46-2, 10-46-2.2, 10-46-9, ARSD 64:06:03:23; 64:06:03:24.</p> <p>Mfg. inputs exemption limited to TPP that becomes an integral part of other TPP sold at retail. SDCL § 10-46-9; ARSD 64:06:03:25.</p> <p>Wired and Wireless Equip.: taxable. Both services are taxed. SDCL §§ 10-45-4, 10-45-4.1, 10-45-5.2, 10-45-6.1, 10-45-6.2, 10-46-2.1.</p> <p>Cable Service: Equip.: taxable. Services are not taxed. SDCL §§ 10-45-4, -4.1, -5, -5.2, 10-46-2.1.</p> <p>Electric and Gas: Equip.: taxable. Services taxed. SDCL §§ 10-45-2, 10-45-4, 10-45-4.1, 10-45-5.2, 10-45-6; ARSD 64:06:03:13.</p> <p>Retail Est.: electricity, POS & F&F: taxable. SDCL § 10-45-6.</p>	<p>Prewritten and custom software are taxable. No business exemption. SDAR §§ 64:06:02:78, 64:06:02:79, 64:06:02:80; SDCL §§ 10-45-2, 10-45-1(14), 10-45-2.4, 10-45-4, 10-45-4.1, 10-45-5.2.</p> <p>SaaS is taxable. No business exemption. SDCL §§ 10-45-4, 10-45-4.1, 10-45-5; ARSD 64:06:02:78, 64:06:02:79, 64:06:02:80; SD DOR Products Transferred Electronically.</p> <p>Data processing and info services are taxable. No business exemption. SDCL §§ 10-45-5, 10-45-4, 10-45-4.1.</p> <p>Tax imposed on digital products by statute. SDCL §§ 10-45-2, 10-45-2.4.</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law (1) no exclusions for advertisers and payment processors (SDCL § 10-45-3); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (SDCL §§ 10-45-1, 10-45-1; SDCL chs. 10-45, 10-46, 10-65); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information. SDCL § 10-65-7 (subject to a cap).</p> <p>MPFs are not required to collect other taxes. SDCL chs. 10-45 and 10-52. DOR requests other taxes be collected and remitted, e.g., Tourism Tax, Wireless GRT, Motor Vehicle Leasing Tax, 911 Surcharge, Pre-paid Wireless Surcharge. SD DOR Marketplace.</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. SDCL § 10-64-2; Remote Sellers: Remote Seller Bulletin.</p>	<p>257 local sales tax jurisdictions; ratio of 3,500.</p> <p>Central admin. of the local taxes. SDCL §§ 10-52-4, 10-52A-3. Locals use the same tax base. SDCL § 10-52-2.</p> <p>Website has current and historical tax rates, and a boundary database. Historical Rates: https://dor.sd.gov/businesses/taxes/municipal-tax/</p> <p>Boundary Database: https://dor.sd.gov/businesses/taxes/sales-use-tax/#project.</p>	<p>No "good faith" req. imposed when accepting certs. SDCL § 10-45-6.1.</p> <p>Sellers allowed 120 days to obtain valid certs. on audit. SDCL § 10-45-6.1.1.</p> <p>MTC and SSUTA exemption certs. may be used. ARSD 64:06:01:08.01.</p> <p>Sellers not required to capture/verify exemption account numbers.</p> <p>Vendor comp.: 1.5% of tax due (capped at \$70 per return). SDCL § 10-45-27.2.</p> <p>Direct pay limited to retailers with at least \$3 million in annual purchases. SDCL § 10-46-67; ARSD 64:01:01:33, 64:01:01:34.</p> <p>Tax liability relief for sellers and purchasers relying on written DOR guidance. SDCL § 10-59-27.</p>	<p>No advance payments.</p> <p>Credit limited to use tax. Full credit for other states' state, local and similar taxes. SDCL § 10-46-6.1, -34.1.</p> <p>State accelerates certain lease payments. Credits other states' tax on accel. lease payments. SDCL § 10-46-6.1, -34.1.</p> <p>Bad debt provision does not apply to private-label credit cards. SDCL § 10-45-30.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>Contingent fee auditing is prohibited. No current private-contract auditing.</p> <p>Purchasers required to obtain refunds only from the seller. SDCL § 10-59-24.1, -24.2</p> <p>No false claims act.</p> <p>Class action suits not allowed. <i>Lick v. Dahl</i>, 285 N.W. 2d 594 (S.D. 1979).</p>

Tennessee

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 40%.</p> <p>Mfg. equip. exemption for machinery necessary to, and primarily for, fabrication and processing of TPP; includes pol. control and R&D equip. TC § 67-6-206(a) and (b).</p> <p>Mfg. inputs exemption limited to materials directly contact manufactured products and consumed w/25 days of processing. Repairs & parts for equip. are exempt; energy and water used in mfg. taxed at reduced rates (fuels 1.5% state rate and water 1% plus .5% state and local rates). TC § 67-6-329; TCR&R ch. 1320-05-01-.40(1), (2).</p> <p>Wired and Wireless Equip.: taxable. Both services taxed. TC § 67-6-205(c)(3).</p> <p>Cable Service: Equip.: exempt. TC § 67-6-329(a)(15). Services taxed when the charge is > \$15 for state sales tax and > \$27.50 for local sales tax. TC § 67-6-226, 67-6-714.</p> <p>Electric and Gas: Equip.: exempt. TC § 67-6-102(46)(D). Electricity & gas are generally taxed, res. exempt. TC § 67-6-102(97)(A), § 67-6-334.</p> <p>Retail Est.: electricity, POS & F&F: taxable. TC § 67-6-102(92)(A).</p>	<p>Prewritten and custom software are taxable. No business exemption. TC §§ 67-6-231(a), (b), 67-6-102(74), 67-6-702(a), 67-6-208, 67-6-102(18), 67-6-102(24).</p> <p>SaaS is taxable. TC § 67-6-231. No business exemption. TC § 67-6-231; Tennessee Dept. of Revenue, Sales and Use Tax Guide; TN DOR, Important Notice No. 15-14.</p> <p>Data processing and info services are not taxable. TC § 67-6-205, Tennessee Notice No. 05-20 (Oct. 27, 2005)</p> <p>Tax imposed on digital products by statute. TC § 67-6-233.</p> <p>MPU limited to SaaS. TC § 67-6-231; Sales and Use Tax Notice No. 15-24 (Dec. 2015).</p>	<p>Associate SSUTA member. MPF Law: (1) exclusions for advertisers and payment processors (TC §§ 67-6-102(56), 67-6-501(f)); (2) allows marketplace sellers to continue to collect based on a mutual agreement (TC §§ 67-6-501(f)(2) & (3)); (3) MPF has the same rights and duties as other sellers (TC §§ 67-6-102(23)(N), (56)); (4) liability shifts to a marketplace seller if it provides incorrect or insufficient information (TC § 67-6-515(d)).</p> <p>MPFs are not required to collect other taxes. TC §§ 67-6-501(h), 67-6-102(56); TN Sales and Use Tax Guide; Marketplace Sellers, Marketplace Facilitators & Out-of-State Dealers; Notice # 20-15.</p> <p>Threshold: \$100,000 based on retail sales; TCR&R § 1320-05-01-.129; TC § 67-6-524.</p>	<p>441 local sales tax jurisdictions; ratio of 15,800.</p> <p>Central admin. of the local taxes. TC §§ 67-6-702(a)(1), -710(a)(1). Locals use the same tax base; however, there are local option caps of \$1,600 per article of TPP. TC § 67-6-702(a)(1). A state option tax also applies to the amount of purchase price between \$1,601 to \$3,200 for each single article. TC § 67-6-202(a).</p> <p>Website has current tax rates but does not have historical tax rates or a boundary database. https://tinmap.tn.gov/revenue/.</p>	<p>No "good faith" req. imposed when accepting certs. for resale. TCR&R §§ 1320-5-1-.78, -.68, 1320-5-1-.68(4). Sellers allowed 120 days to obtain valid exemption certs.</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to capture/verify exemption account numbers.</p> <p>No vendor comp. except a limited compensation for out-of-state sellers. TC § 67-6-509.</p> <p>No broad-based direct pay provision. Direct pay permits may be issued in certain circumstances. See TCR&R ch. 1320-05-01-.68; Tennessee Sales and Use Tax Guide.</p> <p>Tax liability relief applies to sellers and purchasers relying on DOR guidance. TC § 67-6-533.</p>	<p>No advance payments. Credit limited to use tax. TC §§ 67-6-507, 67-6-313(f); TCR&R § 1320-05-01-.91; Tennessee Depart. of Revenue Sales and Use Tax Guide Pages – Tax Credits. Full credit for other states' state, local and similar taxes.</p> <p>No accel. lease payments but continues tax on certain lease payments using origin location. TCR&R § 1320-05-01-.32(2). Credits other states' tax on accel. lease payments. TC §§ 67-6-507, 67-6-313(f); TCR&R §§ 1320-05-01-.91, 1320-05-01-.32</p> <p>Bad debt provision does not apply to private-label credit cards. TC § 67-6-507.</p>	<p>No published written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Limited, purchasers may request a refund directly from the DOR if the claim mis > \$2,500; however, the purchaser must first request a refund from the seller. TC § 67-1-1802(e); Notice #21-1-18 (September 2021).</p> <p>False claims act excludes taxes. TC § 4-18-103(f).</p> <p>Class action suits not allowed. <i>Wicker v. Commr.</i>, 342 S.W.3d 35 (Tenn. App. 2010); TC § 67-6-538.</p>

Texas

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 52%.</p> <p>Mfg. equip. exemption limited to M&E directly used or consumed in or during the actual mfg. and directly makes or causes a physical or chemical change. TTC §§ 151.318(a), (b).</p> <p>Mfg. inputs exemption allowed for TPP sold and TPP used or consumed during actual mfg. and that directly makes or causes a change. TTC §§ 151.318(a), (1), (2), 151.318(b). Electricity and gas used for certain purposes in mfg. also exempt. TTC §§ 151.318(a), (b); 151.317.</p> <p>Wired and Wireless Equip.: partially taxable. TTC § 151.3186. Both services are taxed. TTC § 151.0101(a), (6); 34 TAC § 3.344(b).</p> <p>Cable Service: Equip.: partially taxable. TTC § 151.3186(d). Services are taxed. TTC §§ 151.0101(a), (6), (a)(2).</p> <p>Electric and Gas: Equip.: partially taxable. Commercial services are taxed. TTC §§ 151.0101(a), 151.317.</p> <p>Retail Est.: electricity, POS & F&F: taxable. TTC § 151.0101(a)(17).</p>	<p>Prewritten and custom software are taxable. No business exemption. TTC § 151.009; TAC § 3.308.</p> <p>SaaS is taxable as data processing services w/out clear statutory authority. See STAR Accession No. 2020030611 (March 3, 2020). No business exemption. TTC §§ 151.0035; 151.0101(a)(12); 151.351.</p> <p>Data processing and info services are taxable (exemption for 20 percent of the value of data processing and info services). No business exemption. TTC § 151.351.</p> <p>Tax imposed on digital products w/out clear statutory authority as an information service. TTC §§ 151.010, 151.009, 151.0101(a), (10).</p> <p>No MPU. 34 TAC § 3.308(c)(1)(C) 30.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors (TTC § 151.0242); (2) has a waiver provision (TAC § 3.286(b)(3) (F)); (3) MPF has the same rights and duties as other sellers (TTC § 151.0242); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (TTC § 151.0242).</p> <p>MPFs are required to collect other taxes by statute. S.B. 477; THSC §§ 361.138, 771.0712; TTC § 151.0242; H.B. 1525 (2019); Remote Sellers and Marketplace FAQ.</p> <p>Threshold: \$500,000 based on gross sales.</p> <p>TX Tax Responsibilities and Resources for Sellers, TX Comptroller of Public Accounts; FAQs; TAC § 3.286.</p>	<p>1,808 local sales tax jurisdictions; ratio of 1,6300.</p> <p>Central admin. of the local taxes. TTC § 323.301. Locals generally use the same tax base w/exceptions. TTC §§ 321.207, 321.208, 323.207.</p> <p>Website has current tax rates but does not have historical tax rates nor a boundary database. https://mycpa.cpa.state.tx.us/atj/.</p>	<p>"Good faith" req. imposed when accepting certs. TTC § 151.054(b); 34 TAC §§ 3.285(c)(3)(B), 3.287(d)(2). Sellers allowed only 90 days to obtain valid certs. on audit. TTC § 151.054(e).</p> <p>MTC exemption certs. may be used. 34 TAC §§ 3.285(n); 3.287(h)</p> <p>Valid sales tax permit numbers required on resale certs.</p> <p>Vendor comp.: 0.5% of tax due on a timely return. TTC § 151.423. Additional 1.25% on prepayment amount. TTC § 151.424.</p> <p>Direct pay limited to applicants purchasing at least \$800,000 per year not for resale. TTC § 151.417(b), TAC § 3.288(b)(1).</p> <p>No tax liability relief for sellers and purchasers relying on TX Comptroller guidance. Texas has a limited detrimental reliance policy as provided in 34 TAC § 3.10(c).</p>	<p>No advance payment requirement, except for additional vendor comp. discount.</p> <p>Credit limited to use tax. TTC § 151.303(c); 34 TAC § 3.61. Full credit for other states' state and local taxes. 34 TAC § 3.338(b).</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments. 34 TAC § 3.338(b).</p> <p>Bad debt provision applies to private-label credit cards. TTC § 151.426(a), (c).</p>	<p>No written policy for taxpayers to use sampling but may allow in managed audit. TTC § 151.0231(d)(2).</p> <p>No current contingent fee auditing. State uses private-contract auditing (hourly basis). TTC § 111.0045; 34 TAC § 3.3(g)</p> <p>No written process allowing purchasers (other than licensed sellers) to obtain refunds from state. 34 TAC § 3.325. (Certain oil and gas purchasers can file refunds with the TX Comptroller's office without an assignment from the remitting party.) TTC §§ 111.104(b), 151.4305.</p> <p>False claims act does not apply to taxes.</p> <p>Class action suits generally not allowed, except for taxes paid under protest. <i>Serna v. H.E. Buff Grocery Co.</i>, 21 S.W.3d 330 (Tex. App.—San Antonio 1999); TTC §§ 112.055, 112.055.</p> <p>Other Issues:</p> <p>TX asserts sales tax owed on commissions received by MPF for sales over the platform as data processing services.</p>

Utah

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 37%.</p> <p>Mfg. equip. exemption includes all materials used in the mfg. process to manufacture TPP for sale. UAC r.865-195-85; UC § 59-12-104(14).</p> <p>Mfg. inputs exemption limited to raw materials that become an ingredient or component part of a manufactured product; applies to industrial use of energy. UC §§ 59-12-104(25), 59-12-104(39).</p> <p>Wired and Wireless Equip.: exempt. UC § 59-12-104(61). Both services taxed. UC § 59-12-103(1)(b).</p> <p>Cable Service: Equip.: partially taxable. UC §§ 59-12-104(61), -102(1)(29). Services are taxed. UC §§ 59-26-103(2)(a), -104.5(1).</p> <p>Electric and Gas: Equip.: taxable. Electricity/gas taxed, w/residential taxed at a lower rate. UC §§ 59-12-103(1)(c), (d).</p> <p>Retail Est.: electricity, POS & F&F: taxable. UC § 59-12-103(1)(c).</p>	<p>Prewritten software is taxable. No business exemption. UC §§ 59-12-102(98), 59-12-103(1), 59-12-102(130). Custom software is not taxable. UC § 59-12-102(98). Sales Tax Information for Computer Service Providers: R865-195-92.</p> <p>SaaS taxable by statute. No business exemption. Utah State Tax Commission, Informational Publication No. 64.</p> <p>Data processing and info services are not taxable. UC §§ 59-12-103, 59-12-104.</p> <p>Tax imposed on digital products by express statutory reference. UC § 59-12-103(1)(m).</p> <p>MPU allowed. Utah Info. Pub. No. 64 (May 1, 2012); Utah Admin. R. R865-195-92; UC § 59-12-211.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) partial exclusions for payment processors (UC § 59-12-102); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (UC § 59-12-102); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (UC § 59-12-107.6).</p> <p>MPFs are required to collect other taxes by statute. UC § 59-12-107.6; Utah Tax Comm., Marketplace Facilitators and Sellers; Publication 25; Transient Room Tax 59-12-302(1); Tourism, Recreation, Cultural, Convention, and Airport Facilities Tax 59-12-603(7); Motor Vehicle Tax 59-12-1201(4).</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. UC § 59-12-107; Out-of-State Sellers.</p>	<p>369 local sales tax jurisdictions; ratio of 9,000.</p> <p>Central admin. of the local taxes. UC §§ 59-12-118(1), -202, -403(4), -703(4). Locals use the same tax base. UC §§ 59-12-204(6), -401, -703(1)(a).</p> <p>Website has current and historical tax rates, and a boundary database.</p>	<p>No "good faith" req. imposed when accepting certs. UAC r.865-195-23.</p> <p>Sellers allowed at least 120 days to obtain valid certs. on audit. UC § 59-12-106(3).</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to capture/verify exemption account numbers.</p> <p>Vendor comp.: 1.31% of tax due per month. UC § 59-12-108(2)(c).</p> <p>Direct pay limited to applicants who purchase >\$1.5M per year of items for 3 years. UC § 59-12-107.1.</p> <p>Tax liability relief for sellers and purchasers relying on UTC guidance. UC §§ 59-12-125, -216, -406, -707, -808, -1104, -1304, -1405.</p>	<p>No advance payments.</p> <p>Credit not limited to use tax. Credit applies to sales and use tax. Full credit for other states' state and local taxes. UC § 59-12-104(26).</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. UC § 59-12-104(26).</p> <p>Bad debt provision does not apply to private-label credit cards. UC § 59-12-107(10)(e).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/out going through the seller.</p> <p>False claims act excludes taxes. UC § 26-20-1 et seq.</p> <p>Class action suits allowed with limitations. UC § 59-1-304.; <i>Blufn v. Utah State Tax Comm.</i>, 54 P.3d 1147 (Utah 2002).</p>

Vermont

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 51%.</p> <p>Mfg. equip. exemption limited to M&E used or consumed, directly and exclusively, in mfg. 32 VS § 9741(14); VCR 1.9741(14)-4.</p> <p>Mfg. inputs exemption applies to ITP that becomes an ingredient or component part or consumed in mfg. Fuels used in mfg. also exempt. 32 VS § 9741(14); VCR 1.9741(14)-3, 1.9741(34).</p> <p>Wired and Wireless Equip.: taxable. Both services are taxed. 32 VS §§ 9701(9)(H), (19), 9771(5), 9773; VCR 1.9771(5)-1.</p> <p>Cable Service: Equip.: taxable. Services are taxed at consumer level. 32 VS § 9771(4); VCR 1.9771(4)-1.</p> <p>Electric and Gas: Equip.: partially taxable.</p> <p>Formal Ruling 12-5, n. 1(1/30/2012), 32 VS §§ 9701(7), 9741(46). Elect. and gas generally taxed to comm. users, w/mfg. and ag. exemptions. 32 VS §§ 9701(7), 9741(26), (27), (34), 9771(1).</p> <p>Retail Est.: electricity, POS & F&F: taxable. 32 VS § 9771.</p>	<p>Prewritten software is taxable. No business exemption. Custom software is not taxable. Vermont Formal Ruling No. 93-08; 32 VS §§ 9701(7), 9771(1).</p> <p>SaaS not taxable. Vt. Dept. of Taxes, Pub. FS-1213 - Prewritten Software Accessed Remotely (2019)</p> <p>Data processing and info services are not taxable. VS § 9701(19), 32 VS § 9771; Vt. Dept. of Taxes, Formal Ruling No. 1995-20.</p> <p>Tax imposed on "specified digital products" by statute. 32 VS §§ 9701(46), 9771(8), § 9701(46).</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) no exclusions for advertisers and payment processors (32 VS § 9701); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (32 VS § 9701); (4) allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (32 VS § 9713).</p> <p>MPFs are required to collect other taxes by statute. H.B. 954 (2020); Vermont Dept. of Taxes, Marketplace Facilitators; 32 VS §§ 9713, 7521(e).</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. 32 VS § 9701(9)(F); FAGs.</p>	<p>29 local sales tax jurisdictions; ratio of 22,300.</p> <p>Central administration of the local taxes. Locals use the same tax base. 24 VS § 138(C).</p> <p>Website has current tax rates and a boundary database but does not have historical rates. http://tax.vermont.gov/business-and-corp/sales-and-usertax.</p>	<p>No "good faith" req. imposed when accepting certs. 32 VS § 9745(a); VCR 1.9745-1. Sellers allowed 120 days to obtain valid certificates on audit. VCR 1.9745-1(C).</p> <p>MTC and SSUTA exemption certs. may be used. VCR 1.9745-1(C).</p> <p>Sellers not required to verify exemption account numbers. Form S-3 (09/13).</p> <p>No vendor comp.</p> <p>Direct pay permits provided at the Commissioner's discretion. 32 VS § 9745(b); VCR 1.9745.2(B).</p> <p>Tax liability relief limited to DOT guidance relating to local option sales taxes. VCR 1.138(a)(2)(E).</p>	<p>No advance payments.</p> <p>Credit limited to use tax. Full credit for other states' state and local taxes. 32 VS § 9744(a)(3).</p> <p>State accelerates certain lease payments. Credits other states' tax on accel. lease payments. 32 VS § 9744(a)(3); Formal Ruling 00-01 (1/5/2000).</p> <p>Bad debt provision does not apply to private-label credit cards 32 VS § 9780; VCR 1.9780(C).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>Purchasers can obtain refunds from the state w/out going through the seller. 32 VS § 9781, VT Form 620.</p> <p>False claims act excludes taxes. 32 VS § 631(d).</p> <p>Class action suits not allowed.</p>

Virginia

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 40%.</p> <p>Mfg. equip. exemption applies to TPP (includes machinery) used directly in mfg. from the handling of raw materials to the packaging of finished products. VC § 58.1-609.3(2)(iii); 23 VAC § 10-210-920(A)(3).</p> <p>Mfg. inputs exemption allowed for raw materials or other components that become a component part of the manufactured product. VC §§ 58.1-609.3(2)(i), (ii); 23 VAC § 10-210-920(A)(1), (2).</p> <p>Wired and Wireless Equip.: taxable. Both subject to a separate communications sales tax. VC § 58.1-648(A).</p> <p>Cable Service: Equip.: exempt. VC § 58.1-609.6(2). Services are subject to a separate communications sales tax. VC § 58.1-648(A).</p> <p>Electric and Gas: Equip.: taxable. VC § 58.1-609.3(2)(v). Utility services generally subject to separate energy taxes. VC § 58.1-2900-2907.</p> <p>Retail Est.: Electricity: subject to separate elec. excise tax. VC § 58.1-609.1(3); POS & F&F: taxable.</p>	<p>Prewritten software is taxed but not if it is delivered electronically. No business exemption. VC § 58.1-603. Custom software is not taxed. VC § 58.1-609.5(7); PD 16-135.</p> <p>SaaS not taxed. Virginia Public Document Ruling No. 12-191; Virginia Public Document Ruling No. 14-42.</p> <p>Data processing and info services are not taxable. Virginia Public Document Ruling No. 02-113; VAC § 10-210-4040.</p> <p>No tax imposed on digital products. VC §§ 58.1-609.5(1), -648(C) (viii).</p> <p>No MPU necessary.</p>	<p>Not a SSUTA member.</p> <p>MPF Law: (1) exclusions for advertisers and payment processors (VC § 58.1-612.1); (2) has a waiver provision (VC § 58.1-612.1(D)(3)); (3) MPF has the same rights and duties as other sellers (VC §§ 58.1-612.1, 612.1(E) and (I)); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (VC §§ 58.1-612.1(E), -625, -635).</p> <p>MPFs are required to collect other taxes by statute. S.B. 735 (2020); SB 1398 (2021 Special Session I); VC §§ 58.1-1746; Chapter 1266 (2020); Chapter 383 (2021); 612.2, 3819, 3819.1, 3823, 3824, 3825, 3825.2, 3825.3, 3826, 3842, 3843, 58.1-612.1; Virginia Dept. of Taxation, Remote Sellers, Marketplace Facilitators.</p> <p>Threshold: \$100,000 or 200 transactions for retail sales. VC § 58.1-612; Remote Sellers, MPF, and Economic Nexus.</p>	<p>178 local sales tax jurisdictions; ratio of 48,600.</p> <p>Central admin. of the local taxes. VC §§ 58.1-605(D), 606(C).</p> <p>Locals generally use the same tax base, except food for home consumption and essential personal hygiene products are subject to local option taxes and taxed at a reduced rate by the State. VC §§ 58.1-605(B), 605.1(D)-606(D), 611.1(A), (B). Also, at local option, fuels exempt from the state tax may be subject to local taxes. VC § 58.1-609.13.</p> <p>Website has current tax rates but does not have historical tax rates or a boundary database. http://www.tax.virginia.gov/content/sales-and-use-tax and https://www.tax.virginia.gov/sales-tax-rate-and-locality-code-lookup.</p>	<p>"Good faith" req. imposed when accepting certs. VC § 58.1-623(A); 23 VAC § 10-210-280(A), (B). No 120-day provision for sellers to obtain valid certs. on audit. Field Audit Guidelines; Certs. of Exemption, pg. 4.</p> <p>MTC and SSUTA exemption certs. may be used provided they meet the requirements as set out in VC § 58.1-623(B).</p> <p>Sellers not required to capture/verify exemption account numbers.</p> <p>Vendor comp.: Very limited vendor comp. which does not apply to sellers w/ > \$240,000 in yearly liability. See VC § 58.1-622 and 23 VAC 10-210-485.</p> <p>Direct pay limited to mfg., mine operators and public service corps. VC § 58.1-624(A).</p> <p>Tax liability relief for sellers and purchasers relying on written guidance.</p>	<p>HB 29 (2022) eliminated advance payment req. VC § 58.1-615.</p> <p>Credit limited to use tax. VC § 58.1-611. Full credit for other states' state and local taxes.</p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments. 23 VAC § 10-210-840; VC § 58.1-611.</p> <p>Bad debt provision does not apply to private-label credit cards. VC § 58.1-621.</p>	<p>No written policy for taxpayers to use sampling.</p> <p>Contingent fee and private-contract auditing prohibited. See <i>Clinchfield Coal Co. v. Robbins</i>, 541 S.E.2d 289 (Va. 2001).</p> <p>Purchasers can obtain refunds from the state w/out going through the seller. Retail Sales and Use Refund Procedures Guidelines (7/17).</p> <p>False claims act excludes tax claims. VC § 8.01-216.3(D).</p> <p>Class action suits not allowed.</p>

Washington

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 37%.</p> <p>Mfg. equip. exemption limited to M&E with a useful life of at least 1 year and used directly in mfg., R&D or testing. RCW § 82.08.02545(1).</p> <p>Mfg. inputs exemption limited to property that becomes an ingredient, component, or chemical used in processing. Chemicals must directly contact ingredients. RCW § 82.04.050(1)(a)(iii); WAC 458-20-113.</p> <p>Wired and Wireless Equip.: taxable w/ certain exemptions. RCW § 82.08.986.</p> <p>Both services taxed. RCW § 82.04.050(5).</p> <p>Cable Service: Equip.: generally taxable w/ certain exemptions. RCW § 82.08.986. Some cable services taxed. RCW §§ 82.04.280, 290, 257, 1192(11); 82.08.010(10), 02081.</p> <p>Electric and Gas: Equip.: generally taxable. w/ exemptions. RCW §§ 82.08.962, 82.08.963. Electricity/gas not taxed. RCW §§ 82.08.950, 82.08.026, 82.08.0252.</p> <p>Retail Est.: Electricity not taxable. RCW §§ 82.08.950, 82.12.950. POS & F&F: taxable. RCW §§ 82.04.050, 82.08.020.</p>	<p>Prewritten software is taxable. No business exemption. RCW §§ 2.04.050(1)(a)(i); §§ 82.04.215, 82.04.050(6), 82.08.020. Custom software is not taxed. RCW §§ 82.04.215, 82.04.050(6).</p> <p>SaaS is taxable by statute. No business exemption. WRC §§ 82.04.050(6)(c)(i),(8), 82.08.020(1)(b), 82.04.050(6)(b), 82.08.0208(2), (3)(a), 82.04.192(6)(a), 82.04.060, 82.04.192. WA DOR, Digital Products including Digital Goods.</p> <p>Data processing services are not taxable. WRC § 82.04.192(3)(b)(xv) (data processing excluded from digital automated services); WAC § 458-20-15503(303)(o). Info services are taxable as digital automated services. No business exemption. WRC § 82.08.020.</p> <p>Tax imposed on digital products by statute. RCW §§ 82.04.050(8)(a), 82.04.192, 82.08.020, 82.04.200(7).</p> <p>MPU allowed. WRC § 82.08.0208(4), 82.12.0208(7).</p>	<p>Full SSUTA member. MPF Law: (1) partial - exclusions for advertisers (WRC § 82.08.010(15)(b)); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (WRC §§ 82.08.010(2), 82.08.0531); (4) allows liability to shift to a marketplace seller if it provides incorrect information (WRC § 82.08.0531).</p> <p>MPFs are required to collect other taxes/fees by statute. WRC §§ 70A.15.3620, 70A.205.405, 46.37.427; 82.02.260, 82.08.0531; Washington Dept. of Revenue, Marketplace Facilitators.</p> <p>Threshold: \$100,000 based on gross receipts. WRC § 82.04.067(2)(a). This includes apportionable income and all other income.</p>	<p>356 local sales tax jurisdictions; ratio of 21,700.</p> <p>Central admin. of the local taxes. RCW §§ 82.14.050(1), 82.14.050(2). Locals use the same tax base, except for gas. RCW § 82.14.070; WRC § 82.14.230</p> <p>Website has current and historical tax rates, and a boundary database. https://dor.wa.gov/tax-rates/sales-tax-jurisdiction-boundaries.</p>	<p>No "good faith" req. imposed when accepting certs. RCW § 82.08.050(7)(b). Sellers allowed 120 days to obtain valid certs. on audit. RCW § 82.08.050(7)(b).</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify the exemption account number.</p> <p>No vendor comp.</p> <p>Direct pay limited to applicants with a tax liability of \$240,000 for the current year or purchases of more than \$10M subject to WA sales and use tax. RCW § 82.32.087(2)(a).</p> <p>Yes - WA has liability relief, but in practice it can be very limited. See RCW § 82.32A.020(2) and case law thereunder.</p>	<p>No advance payments. RCW § 82.32.045(1).</p> <p>Credit limited to use tax. Full credit for other states' state and local taxes. RCW § 82.12.035.</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. RCW § 82.12.035.</p> <p>Bad debt provision partially applies to private-label credit cards. WAC § 458-20-194(6); Lowe's Home Centers v. Dep't of Revenue, 455 P3d 659 (Wash., 2020).</p>	<p>Taxpayer can contact the DOR to obtain the Department's approval of a sampling plan. WAC § 458-20-229(5).</p> <p>No current contingent or private-contract auditing.</p> <p>A purchaser who has not received a refund from the seller can follow the procedure set forth in WAC § 458-20-229(4)(b) to obtain a refund from DOR.</p> <p>False claims act does not apply to taxes.</p> <p>Class action suits may be allowed but only after required notice. RCW § 82.32.525.</p>

West Virginia

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 44%.</p> <p>Mfg. equip. exemption limited to sales of TPP or services directly used or consumed in mfg. WVC § 11-15-9(b)(2).</p> <p>Mfg. inputs exemption covers sales of TPP or services directly used or consumed in mfg. WVC § 11-15-9(b)(2).</p> <p>Wired and Wireless Equip.: exempt, but must first pay tax and apply for refund. WVC § 11-15-9(b)(2). Some entities can apply for a direct pay. See WVC § 11-15-9d and Form CST-250. Both services not taxed. WVC § 11-15-2(b)(8).</p> <p>Prepaid wireless services subject to tax. WVC § 11-15-9(b)(13).</p> <p>Cable Service: Equip.: exempt. WVCR § 110-15-9(9.4.1). Services are not taxed. WVC § 11-15-8.</p> <p>Electric and Gas: Equip.: partially taxable.</p> <p>Electricity/gas not taxed. WVC § 11-15-9(a)(1); WVCR § 110-15-9(9.2.1), (9.2.2).</p> <p>Retail Est.: Electricity exempt. WVC § 11-15-9 (a)(1). POS & F&F: taxable.</p>	<p>Prewritten and custom software are taxable. No business exemption. WVC §§ 11-15-3, -6, -9h, -9n, 11-15B-2(b)(42), 11-15B-2(b)(11); Code of State Rules § 110-15-9.3.1.1; matrix.</p> <p>DOR asserts that SaaS is taxable w/out clear statutory authority. No business exemption.</p> <p>WVC § 11-15-9(a)(21) (B); WVCR § 110-15-76.1.2.</p> <p>Data processing services are not taxable in West Virginia. West Virginia Publication ISD-300. Info services are taxable. No business exemption. WVC § 11-15-8.</p> <p>DOR asserts that certain digital products are taxable as general services w/out clear statutory authority. West Virginia State Taxability Matrix version 2021.1.</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF LAW: (1) partial - exclusions for payment processors (WVC § 11-15A-1); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (WVC § 11-15A-6b); (4) no provision that allows liability to shift to a marketplace seller if it provides incorrect or insufficient information.</p> <p>MPFs are required to collect other taxes by statute. S.B. 270 (2021). WV DOR, Marketplace Facilitators and WV Sales and Use Tax Admin. Notice 2019-21; TSD-442 MPF.</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. Remote Sellers and WV Sales and Use Tax; Administrative Notice 2018-18, TSD-406A.</p>	<p>87 local sales tax jurisdictions; ratio of 20,500.</p> <p>Central admin. of the local taxes. WVC §§ 7-22-12(d), -11(d), 8-13C-4(e). Locals use the same tax base. WVC §§ 8-13C-4(c)(1).</p> <p>Website has current tax rates and a boundary database but does not have historical rates. http://tax.wv.gov/BusinessSalesAndUseTax/LocalSalesAndUseTax/Pages/LocalSalesAndUseTax.aspx.</p>	<p>No "good faith" req. imposed when accepting certs. WVC § 11-15-6. Sellers allowed at least 120 days to obtain valid certs. on audit. WVC § 11-15B-24(d).</p> <p>MTC and SSUTA exemption certs. may be used. WVC § 11-15B-24(a)(3).</p> <p>Sellers not required to verify exemption account numbers.</p> <p>No vendor comp.</p> <p>Direct pay limited to mfg., public utilities, transportation, transmission, and a few other businesses. Form CST-250 (07/12).</p> <p>Tax liability relief for sellers and purchasers relying on DOT guidance. WVC § 11-15B-36(a).</p>	<p>No advance payments. Credit limited to use tax. WVC § 11-15A-10(a).</p> <p>Credit now provided for other states' state and local taxes. WVC § 11-15A-10(a); Matkovich v. CSX Transportation Inc. 238 W. Va. 238, 793 S.E. 2d 888 (2016).</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. WVC § 11-15A-10(a); WVCR §§ 110-15-43.1, -129.1, -129.7.3.</p> <p>Bad debt provision does not apply to private-label credit cards. WVC § 11-15B-27(c).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller.</p> <p>No false claims act.</p> <p>No known use of class action suits.</p>

Wisconsin

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
B2B Sales Tax Percentage: 42%. Mfg. equip. exemption covers M&E used exclusively and directly by a manufacturer in mfg. WS §§ 77.54(2), (2m). Mfg. inputs exemption covers raw materials that become an ingredient, component part, or is consumed or destroyed. Fuel and electricity are exempt when consumed in mfg. WS §§ 77.54(2), (30)(a)6. Wired and Wireless Equip.: taxable. WS §§ 77.52(1)(a), 77.54(46m). Both services taxed. WS § 77.52(2)(a)(5)(am). Cable Service: Equip.: taxable. Services are taxed. WS § 77.52(2)(a)(1)2. Electric and Gas: Equip.: generally taxable, w/ mfg. exemption. Electricity/gas taxed, w/ exceptions. WS §§ 77.51(20), 77.54(30)(a). Retail Est.: electricity, POS & F&F: taxable. WS § 77.51(20).	Prewritten software is taxable. No business exemption. WS §§ 77.51(20), (1p), (10r), 77.52(1)(a). Custom software is not taxable. WAC § Tax 11.71(3)(b). No tax on SaaS. Data processing services are not taxable. WAC § Tax 11.71(3)(a). Info services are taxable as digital goods. No business exemption. WS §§ 77.51(1a)(a), 77.52(1)(d). Tax imposed on digital products by statute. WS §§ 77.52(1)(d), § 77.51(17x), 77.51(1a). No MPU.	Full SSUTA member. MPF Law: (1) no exclusions for advertisers and payment processors. WS § 77.51(7i); (2) WI has a waiver provision (WS §§ 77.52(3m)(b), (c)); (3) MPF has the same rights and duties as other sellers (WS § 77.585); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information (WS § 77.523(4)) MPFs are required to collect other taxes by statute. WS §§ 77.523, 77.79, 77.982(2), 77.991(2), 77.994(4), 77.9951(2), 66.0615(1m)(f) and (g) 2019 Wis. Act 10, S.B. 198 (2021). Threshold: \$100,000 based on gross sales. WS § 77.51(13gm)(a); Remote Sellers.	75 local sales tax jurisdictions; ratio of 78,600. Central admin. of the taxes. WS §§ 77.65(4)(i), 77.76(1), (2). Locals generally use the same tax base. WS §§ 77.65(4)(h), 77.71(1), (4), 77.79. Website has current tax rates and a boundary database but does not have historical rates. https://www.revenue.wi.gov/Pages/FAQS/pcs-taxrates.aspx#txrate11 and https://www.revenue.wi.gov/Pages/SSTP/ratebound.aspx .	No "good faith" req. imposed when accepting certs. WAC § Tax 11.14(4)(b). Sellers allowed 120 days to obtain valid certs. on audit. WAC § Tax 11.14(4)(b). MTC and SSUTA exemption certs. may be used. WAC §§ Tax 11.14(2)(a)(3), (b). Sellers not required to verify exemption account numbers. Vendor comp.: 0.5% of liability (capped at \$1,000 per reporting period). WS § 77.61(4)(c). Direct pay allowed when "enough purchases are taxable ... to justify the expense of regular audits by the department". WS § 77.52(17m)(b)(3). Tax liability relief for sellers and purchasers relying on DOR guidance. WS §§ 73.16(2),(3), 77.59(9m)(a),(b),(c).	No advance payments. Credit limited to use tax. Exception for certain construction contractors. WS § 77.53(16). Full credit for other states' state and local taxes. No accel. lease payments. Credits other states' tax on accel. lease payments. WS § 77.585(2). Bad debt provision applies to private-label credit cards. WS § 77.585(1).	DOR has limited rule on statistical sampling. 2017 Wis. Act 59. See Statistical Sampling, Pub. 516 (2/17). No current contingent fee or private-contract auditing. Purchasers can obtain re-funds from the state w/out going through the seller. WS § 77.59(4)(a). No false claims act. Class action suits not allowed. WS § 803.08(14).

Wyoming

Exemption for Business Inputs	Software and Digital Products	Simplification and Uniformity	Central Administration	Sales Tax Process	Reasonable Payment/Credits	Fair Audits/Refunds Procedures
<p>B2B Sales Tax Percentage: 58%.</p> <p>Mfg. equip. exemption limited to machinery used directly and predominantly in mfg. WS §§ 39-15-105(a)(vii)(C), 39-16-105(a)(viii)(D).</p> <p>Mfg. inputs exemption encompasses ingredients and components of TPP being manufactured. WS §§ 39-15-105(a)(iii)(A), 39-16-105(a)(iii)(A). And power and fuel when consumed directly in mfg. WS § 39-15-105(a)(iii)(D); WDRR ch 2 § 7(g)(i).</p> <p>Wired and Wireless Equip.: taxable. Both services are taxed. WS § 39-15-103(a)(i)(c).</p> <p>Cable Service: Equip.: taxable. Services not taxed. WS §§ 39-15-103(a)(i)(A), (B).</p> <p>Electric and Gas: Equip.: taxable. Electricity/gas are taxed. WS § 39-15-103(a)(i)(E).</p> <p>Retail Est.: electricity, POS & F&F: taxable. WS § 39-15-103(a)(i)(E).</p>	<p>Prewritten software is taxable. No business exemption. Wyo. Rules Dept. Rev. Chapter 2 § 13(a)(i); WS § 39-15-103(a)(i)(A). Custom software is not taxable. Wyo. Rules Dept. Rev. Chapter 2 § 13(a)(ii)(A).</p> <p>SaaS not taxed. Wyoming Dept. of Rev., Computer Sales and Services.</p> <p>Data processing and info services are not taxable. WS § 39-15-103; Computer Sales and Services.</p> <p>Tax imposed on digital products by statute. WS § 39-15-103(a)(i)(P).</p> <p>No MPU.</p>	<p>Full SSUTA member.</p> <p>MPF Law: (1) exclusions for advertisers and payment processors. (WS § 39-15-502); (2) no waiver provision; (3) MPF has the same rights and duties as other sellers (WS §§ 39-15-502, 39-15-101); (4) provision allows liability to shift to a marketplace seller if it provides incorrect or insufficient information, with cap. WS. § 39-15-502.</p> <p>MPFs are not required to collect other taxes WS § 39-15-502; H.B. 69 (2019).</p> <p>Threshold: \$100,000 or 200 transactions based on gross sales. WS § 39-15-501; Remote Sellers.</p>	<p>23 local sales tax jurisdictions; ratio of 25,200.</p> <p>Central admin. of the local taxes. WS §§ 39-15-202(a), (c), 39-16-203(a). Locals use the same tax base. WS §§ 39-15-103, -105, -202(a), -203(a)(i)(E), -205, 39-16-103, -203(a)(i)(E).</p> <p>Website has current and a historical tax rates, and a boundary database. https://revenue.wyo.gov/divisions/excise-tax/excise-tax-rate-charts.</p>	<p>No "good faith" req. imposed when accepting certs. Sellers allowed 120 days on to obtain valid certs. on audit. WDRR ch. 2 § 7(b)(iii).</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 1.95% of the first \$6,250 and 1% of the remainder (capped at \$500 per month). WS § 39-15-107(b)(xi).</p> <p>Direct pay limited to applicants who make taxable purchases in the state totaling > \$5M per year. WDRR ch. 2 § 6(a).</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. WS § 39-15-104(g).</p>	<p>No advance payments.</p> <p>Credit for both sales and use tax. WS § 77.53(16).</p> <p>Full credit for other states' state and local taxes.</p> <p>No accel. lease payments. Credit allowed against other states' tax on accel. lease payments. Ch. 2 Sec. 3(h)(ii).</p> <p>Bad debt provision does not apply to private-label credit cards. WS § 39-15-107(a)(x).</p>	<p>No written policy for taxpayers to use sampling.</p> <p>No current contingent fee or private-contract auditing.</p> <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller. WDRR ch. 2 § 8(b).</p> <p>No false claims act.</p> <p>No known use of class action suits.</p>



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