

THE BEST AND WORST OF STATE SALES TAX SYSTEMS

COST SCORECARD ON SALES TAX SIMPLIFICATION,
UNIFORMITY & THE EXEMPTION OF BUSINESS INPUTS

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EXECUTIVE SUMMARY

This Scorecard on State Sales Tax Systems: COST Scorecard on Sales Tax Simplification, Uniformity, and Exemption of Business Inputs (“Scorecard”) is the first COST scorecard focusing on specific sales tax laws and regulations.² All but five states impose sales taxes,³ which in fiscal year 2016 raised over \$363 billion in tax revenue for the remaining states (and their localities). This figure represents twenty-two percent of the states’ total tax collections.⁴ The goal of this Scorecard is similar to the other scorecards issued by COST: to improve tax administrative systems and therefore ultimately increase compliance. It is our experience that 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 bases.

The Scorecard objectively evaluates state statutes and rules that govern state and local tax departments’ administration of their sales taxes. Importantly, the states’ differences in tax rates and breadth of

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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 on 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 clearly meant to be used in a different context, the term “sales tax” includes the states’ compensatory “use taxes” and also includes taxes in states that use nomenclature such as gross receipts, excise or privilege taxes that are the functional equivalent of a sales tax (e.g., tax has a sale for resale provision). Alaska, Delaware, New Hampshire, Montana, and Oregon are the five states without state sales taxes. Note, however, that over 100 local governments in Alaska impose a sales tax and most of these states have state and local excise taxes on lodging, etc.

⁴ See EY/STRI/COST “Total State and Local Business Taxes” study issued August 2017, available at: <http://cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/fy16-state-and-local-business-tax-burden-study.pdf>.

the tax base (other than taxing business inputs) are not part of the evaluation. Additionally, other issues such as equal statutes of limitations and interest rates that are already addressed in COST's Administrative Scorecard, while important to fair sales tax administration, are not included in this Scorecard to avoid duplicative scoring of state administrative practices.⁵ This Scorecard evaluates state sales taxes on their effectiveness in taxing personal consumption (and not business inputs), and on implementing uniform, fair, and centralized administration of their sales taxes.⁶ To accomplish these purposes, the Scorecard is divided into the following categories:

- Extent of taxation of business inputs or pyramiding of sales taxes;
- Fair sales tax administrative practices;
- Uniformity of state and local sales tax bases and centralized administration;

⁵ COST's most recent version of its "Best and Worst of State Tax Administration Scorecard" is available at: <http://cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/final-scorecard-in-templateupdatedbookmarked.pdf>.

⁶ In general, the review is based on 2017 laws and regulations, with some 2018 legislative changes taken into account.

- Simplification and transparency of the sales tax;
- Reasonable tax payment and credits administration; and
- Fair audit and refund procedures.

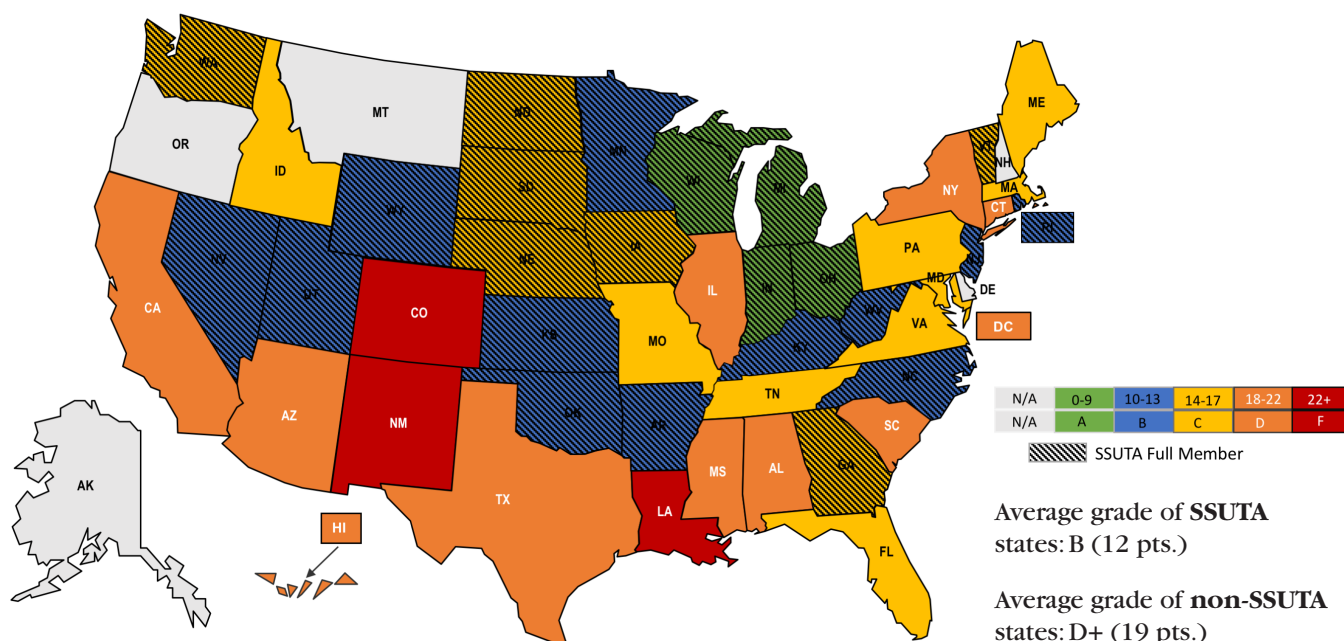
Similar to other COST scorecards, we also include an "Other Issues" category to capture adverse state sales tax practices not directly or sufficiently covered in the above listed six categories.

Post-Wayfair Considerations

On June 21, 2018, the U.S. Supreme Court issued its opinion in *South Dakota v. Wayfair Inc.*⁷, a historic decision that overturned the "physical presence" test for determining whether a state has the authority to require a remote seller to collect sales and use tax. The Court stated the "substantial nexus" test is now whether a taxpayer has "economic or virtual" presence in the taxing state. Importantly, in that decision the Court highlighted several features of South Dakota's tax system that appear "designed to prevent discrimination against or undue burdens

⁷ *South Dakota v. Wayfair, Inc.*, 138 S. Ct. 2080 (2018).

States' Overall Scorecard Grades



Top-Ranked Sales Tax Administration States:

- Indiana
- Michigan
- Ohio
- Wisconsin

Bottom-Ranked Sales Tax Administration States:

- Colorado
- Louisiana
- New Mexico

on interstate commerce,” including membership in Streamlined Sales and Use Tax Agreement (SSUTA). As the Court noted, “This system standardizes taxes to reduce administrative and compliance costs: It requires a single, state level tax administration, uniform definitions of products and services, simplified tax rate structures, and other uniform rules. It also provides sellers access to sales tax administration software paid for by the State. Sellers who choose to use such software are immune from audit liability.”

Membership in SSUTA and compliance with its requirements constitute an important part of the COST Scorecard. Indeed, it is clear from the map on the “States’ Overall Scorecard Grades”, that the SSUTA states (average grade of “B”) do much better than the non-SSUTA states (average grade of “D+”). However, while the SSUTA requires its member states to follow certain rules that have helped simplify and make the sales tax laws more uniform among its members, there are many other non-SSUTA criteria that are central to constructing an efficient and fair modern-day sales tax system. As a result, the SSUTA items only cover about one-quarter of the categories in the Scorecard.

Separating the Top from the Bottom States

The four top states (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 adoption of that agreement (e.g., simplification; exemption certificate administration; current database of rates and boundaries; and central administration). Three of these states (Indiana, Michigan and Ohio) earn better than average scores on the exemption of business inputs. Finally, all four states score high on fair audit and refund procedures. Conversely, the bottom three states (Colorado, Louisiana, and New Mexico) perform poorly across virtually all Scorecard categories. None of the three states are members of SSUTA. All three of these low-performing states receive worse than average scores on the exemption of business inputs. Finally, two of the three states (Colorado and Louisiana) earn poor grades on central sales tax administration.

INTRODUCTION TO COST

This Scorecard is COST’s first scorecard to objectively analyze the states’ state and local administration of their sales taxes. COST’s membership is composed of approximately 550 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 are 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 federal legislative initiatives to improve the states’ administration of their sales taxes.⁹

The issuance of 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 six primary subject areas: 1) exemptions for business inputs; 2) fair sales tax administrative practices; 3) centralized administration of state and local sales taxes; 4) sales tax simplification and transparency; 5) fair tax payment and credits administration; and 6) reasonable audit and refund procedures. As indicated above, we also include an “Other Issues” category to address additional sales tax administration issues. Each of these six categories contain several subcategories. A more detailed explanation of each category and subcategory follows the Summary Grading Chart.

⁸ More information on the SSUTA is available at: <http://www.streamlinedsalestax.org/>. Importantly, the information the SSUTA states provide in their disclosed practices on their SSUTA taxability matrix was very helpful to evaluate those states’ administrative practices.

⁹ The COST Board has adopted a policy statement on how Congress should provide certain states with remote seller collection authority, “Simplification of the Sales, Use, or Similar Transactional Tax System,” is available at: <http://cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/simplification-of-the-sales-and-use-and-similar-transaction-tax-system-2-26-13-adopted-2.pdf>.

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 sales tax states. It is our hope that this Scorecard will drive changes to ensure that sales taxes are administered more effectively, fairly, and without undue administrative burdens. For virtually all of the items evaluated in the Scorecard, there are some (or many) states that have adopted the 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 goods or access to prewritten software, 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 can be addressed through legislative action, while other issues can be addressed through administrative action of a state’s revenue agency.

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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. 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.

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.

Exemption 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 state with a business share of total sales tax of more than 45 percent is assessed two points.¹⁰

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: (three points)

A state that taxes both the equipment used by wired and/or wireless service providers and which subjects those services to tax is assessed one point. A state that taxes both the equipment used by cable companies and subjects the service to tax is assessed one point. Lastly, a state that subjects the equipment used by gas and/or electric service providers and also subjects those services to tax is assessed one point.

Category Grading: 0-1 points A, 2 points B, 3-4 points C, 5-6 points D, and 7-8 points F

Fair Sales Tax Administration (total of 5 points)

¹⁰ Percentages are based on revised 2016/2017 EY/STRI/COST Study on the taxation of business inputs, more detailed report forthcoming in 2018. See also “What’s Wrong with Taxing Business Services?” issued April 2013, available at: <http://cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/sales-taxation-of-services-and-business-inputs-study.pdf>.

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.

Sellers are agents that act on behalf of the states to collect the tax from purchasers and should be compensated for collecting the tax. Additionally, sellers should not have excessive burdens imposed on them when purchasers claim they are exempt from the tax. 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 subcategories are used to evaluate the fairness of a state's sales tax administration.

Exemption/Resale Certificate: (two points) A

... sellers should not have excessive burdens imposed on them when purchasers claim they are exempt from the tax.

state that does not impose a good faith requirement upon a seller when accepting a certificate (absent fraud) up to 90 days from the date of sale, allows at least 120 days on audit to perfect a certificate, allows for the full use of the MTC or 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.

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

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, they should be reasonable and centrally administered.

Excessive Local Jurisdictions: (one point) A state with over 50 local tax jurisdictions that, based on the 2010 U.S. Census numbers has an average population-to-jurisdiction ratio of less than 20,000 people, is assessed one point.¹¹

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 has local jurisdictions that does not have a current and historical rate and jurisdictional database is assessed one point; otherwise, no points.

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

¹¹ The number of local jurisdiction data was obtained from multiple sales tax software providers. The totals were derived from the first half of 2017.

Sales Tax Simplification and Transparency (total of 5 points)

The complexity of sales and use tax administration in the U.S. – with over 10,000 state and local taxing jurisdictions and an expanding internet-based economy – places a premium on efforts such as the SSUTA to make sales tax administration simpler and more uniform while still preserving autonomy to tax (or not tax) certain defined products. It is certainly the prerogative of states to tax the new digital economy, but if they choose to do so it should be through clear legislative authority and not by administrative fiat. Finally, sellers and purchasers should also be able to rely on written documentation provided by a state's revenue agency.

The complexity of sales and use tax administration in the U.S. – with over 10,000 state and local taxing jurisdictions and an expanding internet-based economy – places a premium on efforts such as the SSUTA to make sales tax administration simpler and more uniform ...

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 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).

Digital Goods/Merely Accessing Software Transparency: (two points) A state revenue agency that is asserting digital goods/products are subject to tax without clear legislative support is assessed one point. Additionally, a state that is asserting that mere electronic access to prewritten software is subject to tax without clear legislative support 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 is assessed one point.

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

Reasonable Tax Payment and Tax Credit Administration (total of 7 points)

The sales tax states should implement reasonable payment procedures and provide full credit for taxes first imposed and legally paid to another state.

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: (two points) 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.

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

Fair Audit and Refund Procedures (total of 4 points)

The state should have a written mechanism to provide purchasers the ability 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 be auditing and/or asserting sellers have under or over collected tax. These responsibilities should not be undermined by allowing non-revenue agency actors to assert actions through false claims act or class action lawsuits.

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

No False Claims Act or Class Action Suits: (two points) A state that allows false claims acts (e.g., qui tam actions) to apply to state and local sales taxes is assessed one point, as is a state that allows class action suits to apply to such taxes.

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

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

*... the state revenue agency,
and not private and/or contingent
fee auditors/litigants, should be
auditing and/or asserting sellers
have under or over collected tax.*

Total Points – Summary of Grading

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 5 points;

A- = 6 to 9 points;

B+ = 10 points;

B = 11 to 12 points;

B- = 13 points;

C+ = 14 points;

C = 15 to 16 points;

C- = 17 points;

D+ = 18 to 20 points;

D = 21 to 22 points; and

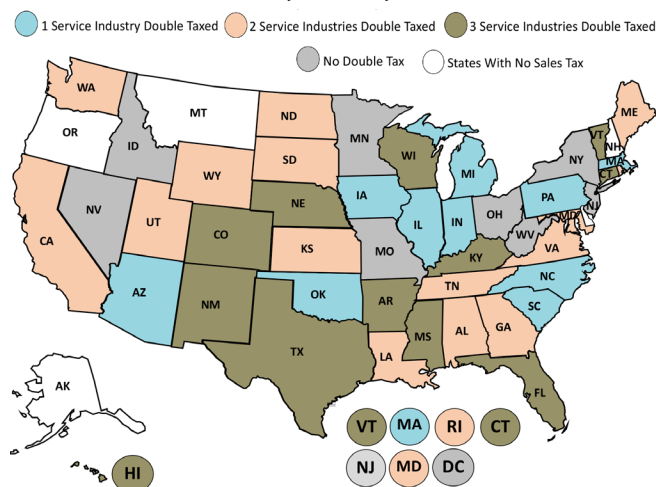
F = over 22 points.

Summary Grading Chart

| State | Exempt B2B 8 pts | Fair Admin 5 pts | Central Admin 5 pts | Simple & Trans. 5 pts | Reasonable Payment 7 pts | Fair Audits 4 pts | Other Issues | Total Points | Grade |
|----------------|------------------------|------------------------|---------------------------|-----------------------------|--------------------------------|-------------------------|-----------------|-----------------|-------|
| Alabama | 5 | 5 | 4 | 4 | 3 | 1 | 0 | 22 | D |
| Alaska | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Arizona | 3 | 4 | 2 | 4 | 5 | 1 | 0 | 19 | D+ |
| Arkansas | 6 | 1 | 2 | 0 | 4 | 0 | 0 | 13 | B- |
| California | 6 | 5 | 1 | 2 | 4 | 0 | 0 | 18 | D+ |
| Colorado | 7 | 3 | 5 | 4 | 4 | 1 | 1 | 25 | F |
| Connecticut | 7 | 4 | 0 | 5 | 2 | 1 | 0 | 19 | D+ |
| Delaware | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| D.C. | 4 | 5 | 1 | 4 | 3 | 0 | 1 | 18 | D+ |
| Florida | 7 | 4 | 1 | 3 | 1 | 2 | 0 | 18 | D+ |
| Georgia | 3 | 4 | 1 | 1 | 3 | 1 | 1 | 14 | C+ |
| Hawaii | 7 | 5 | 1 | 3 | 1 | 2 | 1 | 20 | D+ |
| Idaho | 2 | 4 | 2 | 3 | 1 | 2 | 0 | 14 | C+ |
| Illinois | 4 | 2 | 4 | 3 | 6 | 2 | 1 | 22 | D |
| Indiana | 2 | 1 | 0 | 0 | 3 | 0 | 1 | 7 | A- |
| Iowa | 5 | 2 | 2 | 1 | 6 | 0 | 0 | 16 | C |
| Kansas | 4 | 3 | 3 | 0 | 3 | 0 | 0 | 13 | B- |
| Kentucky | 7 | 3 | 0 | 0 | 2 | 1 | 0 | 13 | B- |
| Louisiana | 6 | 4 | 5 | 4 | 2 | 2 | 1 | 24 | F |
| Maine | 3 | 5 | 0 | 3 | 3 | 1 | 0 | 15 | C |
| Maryland | 5 | 5 | 0 | 3 | 3 | 0 | 0 | 16 | C |
| Massachusetts | 5 | 4 | 0 | 3 | 3 | 0 | 1 | 16 | C |
| Michigan | 3 | 1 | 0 | 0 | 2 | 1 | 0 | 7 | A- |
| Minnesota | 3 | 3 | 1 | 1 | 4 | 1 | 0 | 13 | B- |
| Mississippi | 7 | 5 | 1 | 3 | 4 | 2 | 0 | 22 | D |
| Missouri | 2 | 2 | 2 | 3 | 4 | 1 | 0 | 14 | C+ |
| Montana | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Nebraska | 6 | 2 | 2 | 1 | 2 | 0 | 0 | 13 | B- |
| Nevada | 5 | 2 | 1 | 0 | 3 | 2 | 0 | 13 | B- |
| New Hampshire | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| New Jersey | 3 | 2 | 0 | 1 | 6 | 0 | 0 | 12 | B |
| New Mexico | 8 | 5 | 2 | 4 | 3 | 1 | 0 | 23 | F |
| New York | 3 | 4 | 2 | 4 | 5 | 2 | 0 | 20 | D+ |
| North Carolina | 3 | 3 | 0 | 0 | 4 | 2 | 0 | 12 | B |
| North Dakota | 6 | 2 | 2 | 0 | 3 | 1 | 1 | 15 | C |
| Ohio | 3 | 0 | 0 | 0 | 4 | 0 | 1 | 8 | A- |
| Oklahoma | 3 | 2 | 2 | 0 | 4 | 1 | 0 | 12 | B |
| Oregon | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Pennsylvania | 5 | 4 | 1 | 3 | 3 | 0 | 1 | 17 | C- |
| Rhode Island | 5 | 3 | 0 | 0 | 3 | 0 | 0 | 11 | B |
| South Carolina | 4 | 4 | 3 | 5 | 2 | 0 | 0 | 18 | D+ |
| South Dakota | 7 | 3 | 1 | 0 | 3 | 1 | 0 | 15 | C |
| Tennessee | 4 | 4 | 2 | 2 | 2 | 1 | 0 | 15 | C |
| Texas | 6 | 3 | 3 | 4 | 1 | 2 | 0 | 19 | D+ |
| Utah | 6 | 1 | 1 | 0 | 2 | 1 | 0 | 11 | B |
| Vermont | 6 | 2 | 2 | 1 | 3 | 0 | 0 | 14 | C+ |
| Virginia | 4 | 5 | 2 | 2 | 3 | 0 | 0 | 16 | C |
| Washington | 5 | 3 | 1 | 1 | 3 | 1 | 0 | 14 | C+ |
| West Virginia | 2 | 3 | 1 | 0 | 3 | 1 | 0 | 10 | B+ |
| Wisconsin | 5 | 1 | 1 | 0 | 1 | 0 | 0 | 8 | A- |
| Wyoming | 6 | 3 | 0 | 0 | 3 | 1 | 0 | 13 | B- |

Additionally, the Scorecard looks at several service industries and evaluates whether a state is double taxing both the production end of providing a service (*i.e.*, the equipment) and the consumption end (*i.e.*, the sale to end-user consumers). Idaho scores well in this category, as its service industries are taxed at the production end, but services are not taxed to the consumer. On the other hand, states like Texas and Florida double tax their service industries and thus score poorly. Manufacturing and the double taxation of service providers is by no means an exhaustive list of business-to-business transaction tax concerns.

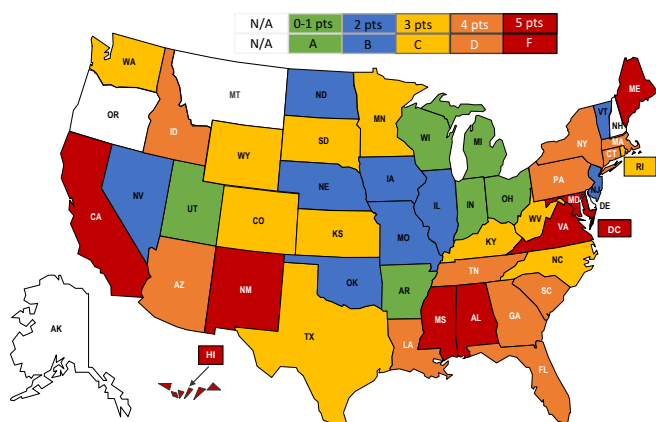
Double Taxation of Select Service Providers: Wired/Wireless, Cable, Electric + Gas



Inefficiencies created when a state taxes certain products or services that are almost exclusively business-to-business transactions (*e.g.*, employment services, data processing services, etc.) are not addressed in this initial Scorecard; however, they may be addressed in future versions.

Fair Sales Tax Administration

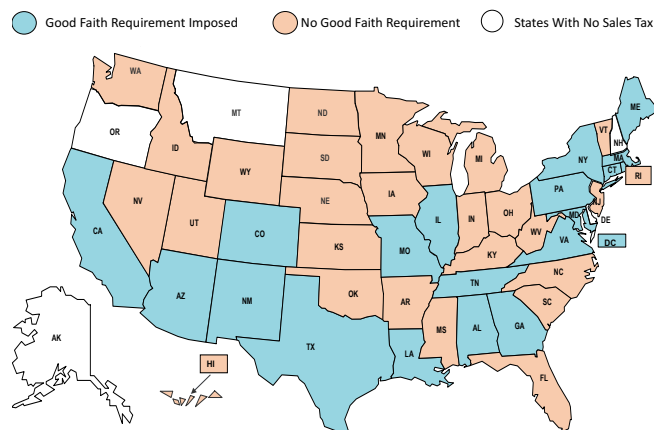
Fair Tax Administration - States' Grades



Absent a seller committing fraud, states affording exemptions to purchasers should audit the purchasers to determine whether their purchases are exempt from a state's sales tax, and not impose a "good faith" requirement on sellers.

With 45 individual states (and the District of Columbia) 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 not to burden sellers with the task of policing whether purchased items are not subject to the state's tax under a purchaser exemption or exclusion. Absent a seller committing fraud, states affording exemptions to purchasers should audit the purchasers to determine whether their purchases are exempt from a state's sales tax, and not impose a "good faith" requirement on sellers.

Good Faith Requirement



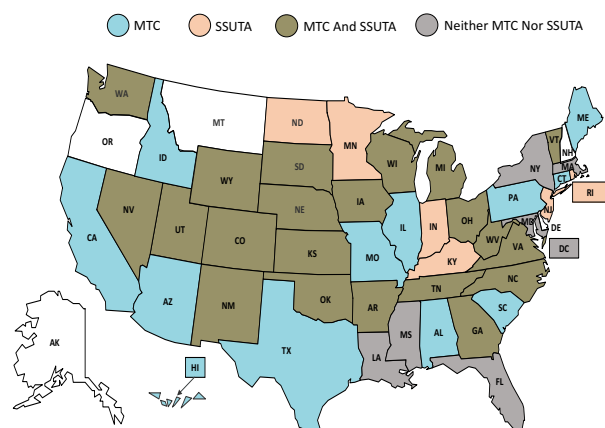
A seller should only be required to obtain and retain completed exemption/resale certificates. States should also allow sellers to use either the MTC uniform exemption certificate¹⁴ or the SSUTA exemption certificate.¹⁵ Lastly, when auditing a seller and

¹⁴ See <http://www.mtc.gov/Resources/Uniform-Sales-Use-Tax-Exemption-Certificate>.

¹⁵ See http://www.streamlinedsalestax.org/uploads/downloads/Forms/F0003%20Fill%20in%20Exemption%20Certificate%20Form_9_18_09.pdf.

determining an exemption certificate is not complete, a state should allow sellers at least 120 days to capture and obtain information from its purchasers to demonstrate the sales were exempt from tax. Ohio does well in this category because it doesn't require a "good faith" standard when accepting exemption certificates, allows sellers 120 days to obtain valid certificates on audit, allows use of MTC and SSUTA certification, and does not require sellers to verify exemption account numbers. Maryland, on the other hand, scores poorly because it requires good faith, allows sellers only 60 days to obtain valid certificates on audit, allows only a limited use of MTC and SSUTA certificates, and requires sellers to capture and verify account numbers. Unfortunately, D.C. has backtracked and no longer allows sellers to accept the MTC certificate from purchasers.

Exemption Certificates

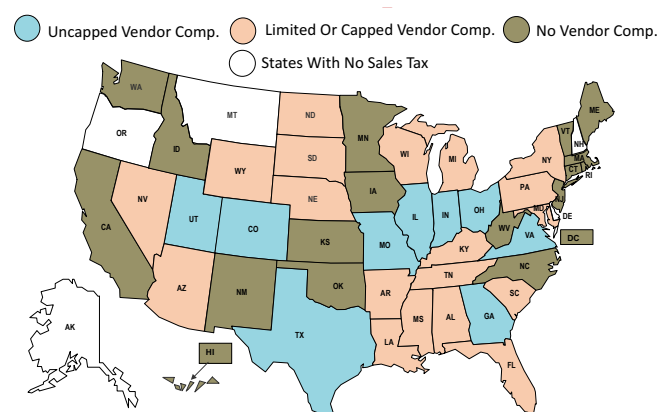


States should also provide compensation to vendors for the collection and remittance of sales taxes. For purposes of this Scorecard, COST uses a 0.5% compensation threshold for single rate states and a 0.75% threshold for states with local jurisdictions. These thresholds are primarily based on a former Streamlined Sales and Use Tax Agreement provision that generally calls for states to provide compensation at that level.¹⁶ This level of compensation is still far below the level identified in a study compiled by PricewaterhouseCoopers in 2006 for the Streamlined Sales Tax Governing Board that noted sellers under \$1 million had average compliance costs of 13.47%, sellers from \$1 million to \$10 million averaged compliance costs of 5.2% and sellers over \$10 million incurred compliance costs of 2.17%, with a

As forced collection agents for the state, it is inequitable for a state to not reimburse sellers for more of their costs to collect and remit state and local sales taxes.

weighted average for all sellers of 3.09%.¹⁷ As forced collection agents for the state, it is inequitable for a state to not reimburse sellers for more of their costs to collect and remit state and local sales taxes. States such as Massachusetts and Minnesota score poorly in this category because they offer no vendor compensation. Conversely, Colorado scores well in this category because it offers uncapped vendor compensation at 3.33% of the state tax due.

Vendor Compensation



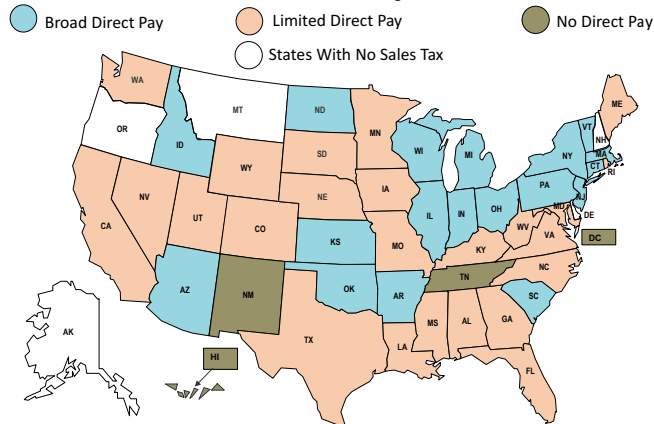
Lastly, states should provide a broad direct pay provision that allows business purchasers to acquire property or services without paying the sales tax to a seller when the taxability of a product is unknown by the purchaser because it could be used in a taxable or non-taxable manner. Such a provision is economically necessary 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

¹⁶ See former Section 608 of the Streamlined Sales and Use Tax Agreement.

¹⁷ 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.

this category because it has a broad-based direct pay provision, while the District of Columbia does poorly because it does not allow direct pay permits.

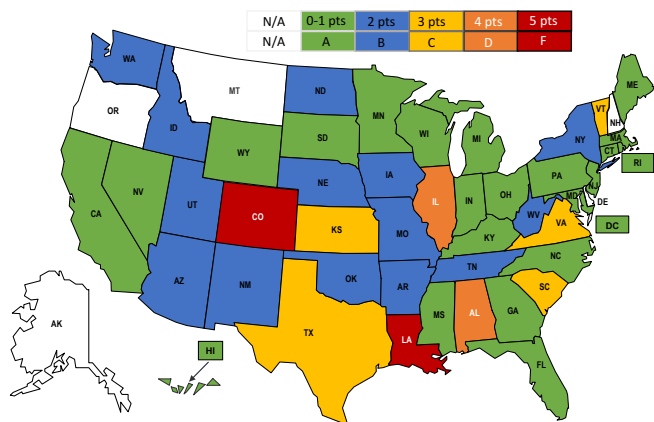
Direct Pay



Centralized Sales Tax Administration

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 their local taxing jurisdictions to use a different tax base, separately administer the tax, and/or have a multitude of local jurisdictions.

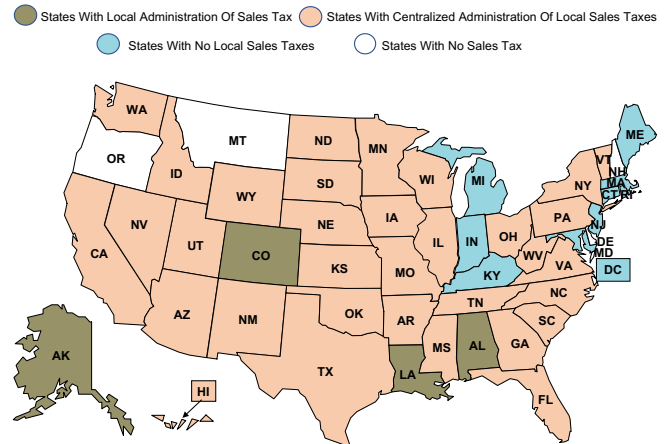
Centralized Administration - States' Grades



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.

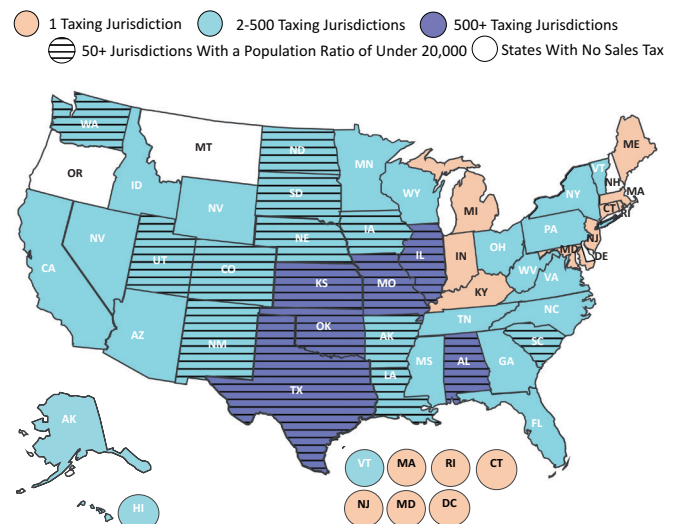
... all states with local sales tax jurisdictions inherently make compliance more difficult for sellers and purchasers.

States with Local Sales Tax Jurisdictions



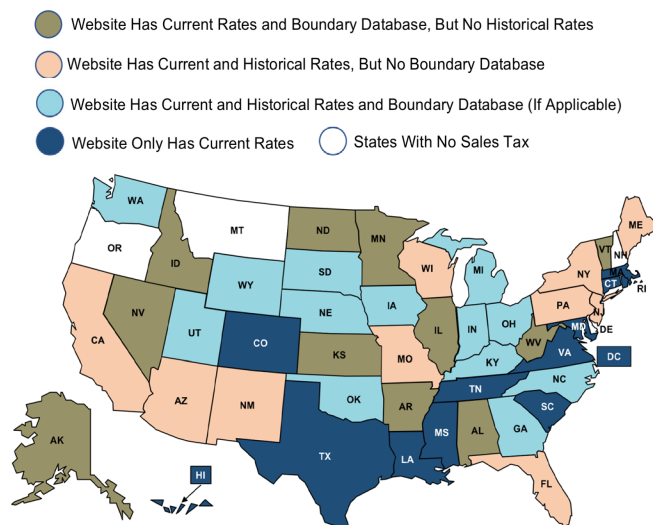
Further, an excessive number of jurisdictions relative to a state's population creates more chances for errors with diminishing benefits for a state's local governments. Any state with over 50 local jurisdictions and a population ratio averaging less than 20,000 people per jurisdiction on average was used as the threshold for determining where any benefit of local taxes is outweighed by the overall cost imposed on taxpayers. Oklahoma fares poorly in this category because it has 629 local sales tax jurisdictions with a population ratio of 5,946. On the other hand, Connecticut 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.* The tax base at the local jurisdiction level also should not differ from the state's tax base.

Number of Taxing Jurisdictions



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 is needed.

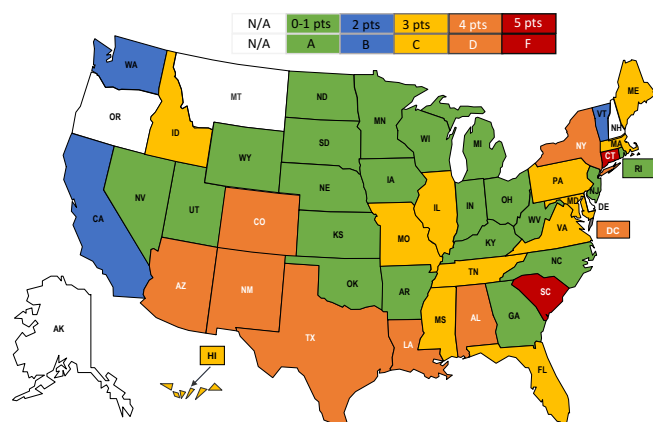
Website with Boundary Database and Rates



A state should also provide full liability relief to sellers relying on a state's rate and boundary database. Tennessee does not do well in this category because while its website has current tax rates, it does not provide historical tax rates or a boundary database. Other states, like Georgia and North Carolina, populate their websites with current rates, historical rates, and a boundary database.

Simplification and Transparency

Simplification and Transparency - States' Grades

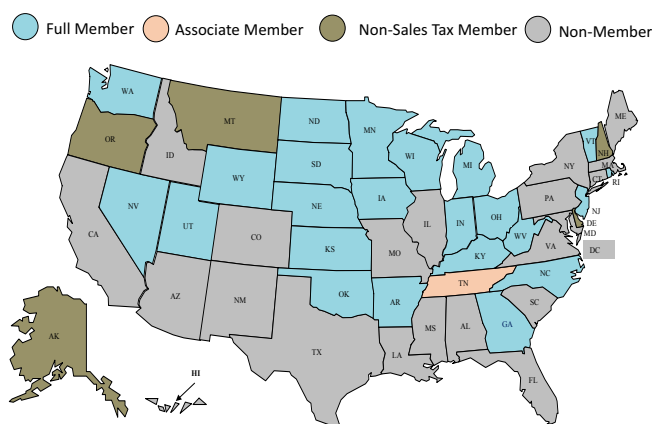


Presently, twenty-four states are active members of the SSUTA, a process that began over seventeen years ago. These states have committed themselves to working with other states and the business community to ease the burdens imposed on sellers to collect the states' sales taxes. The Agreement is a living document—it has been amended at practically every meeting of the Governing Board to address issues raised by the states and the business community.

... transparent administration of the states' sales taxes is vital to the fair administration of the tax.

Unfortunately, the largest sales tax states, including California, Texas, New York, Illinois, and Florida, have not joined the SSUTA. Indeed, while more than one-half of all states with sales taxes are members of SSUTA, by population, nearly two-thirds of the U.S. population live in states that are not members of SSUTA. Thus, businesses in these states do not benefit from the extensive uniformity and simplification contained in the 100+ pages of SSUTA language.

Streamlined Sales Tax States

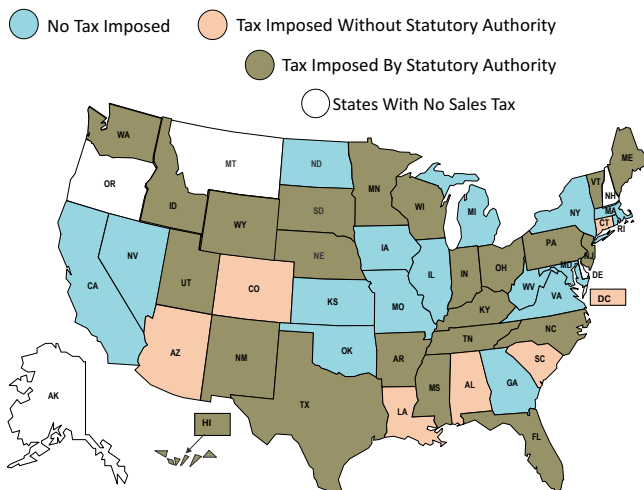


Besides a commitment to work together on uniformity issues, transparent administration of the states' sales taxes is vital to the fair administration of the tax. This means that taxes should be administered based on clear legislative authority and not guidance issued by a revenue agency expressing its position on the law. E-commerce raises unique tax issues and some states' tax agencies, unfortunately, have attempted to fill in the legal gaps without having full legislative support for taxing items such as digital goods or merely

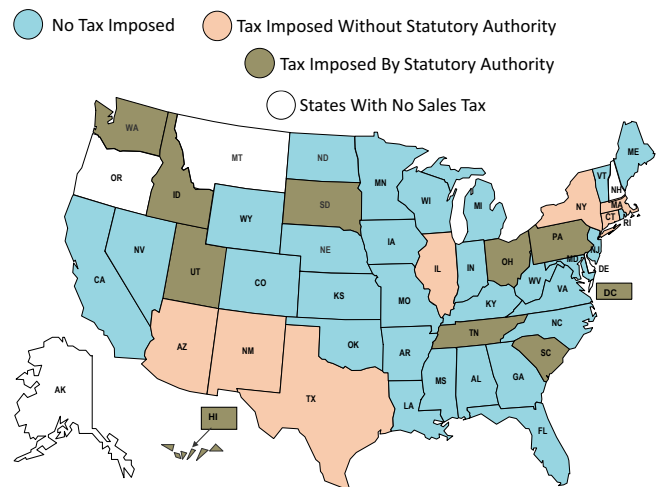
While COST does not take a position in support or opposition to a state legislature's decisions on the breadth of its tax base (other than opposing the taxation of business inputs), the determination of taxable goods and services must be done with clear legislative authority.

electronically accessing pre-written software. While COST does not take a position in support or opposition to a state legislature's decisions on the breadth of its tax base (other than opposing the taxation of business inputs), the determination of taxable goods and services must be done with clear legislative authority. Failure to do so adds significant uncertainty, makes the state a less attractive place to do business, and unnecessarily subjects sellers to risk for collecting (or not collecting) tax. For example, South Dakota does well in this category because although it imposes a tax on both digital products and on mere access to pre-written software, it does so via clear statutory authority. Conversely, states like Arizona, which imposes tax via DOR ruling, do not do well in this category. Some states with issues in this area, such as Arizona, have legislation pending to fix this issue. Indiana recently passed legislation in March 2018 to fix this issue. Hopefully, these states and other states lacking clear legislative guidance in this area will legislatively fix this issue in the near future.

Taxation of Digital Goods

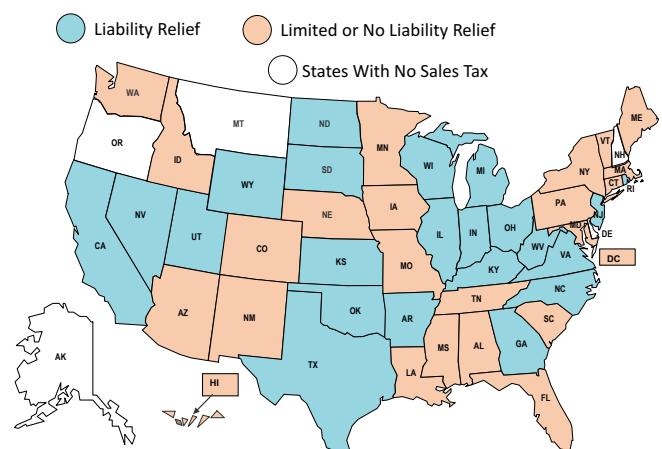


Taxation of a Person Merely Accessing Pre-Written Software



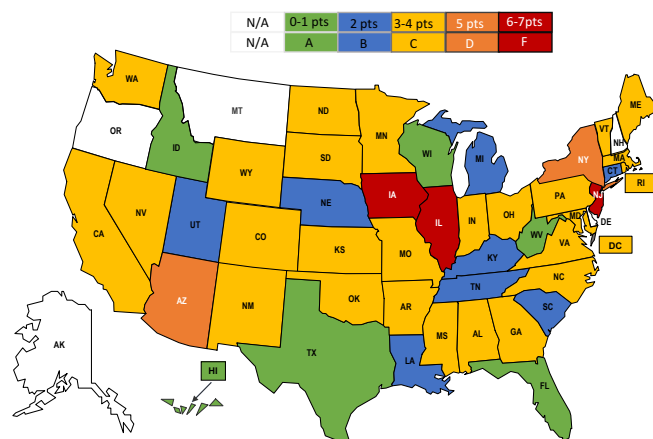
Another important transparency criterion is assuring that both sellers and customers can rely on written guidance provided by a state tax agency. This relief should be broad and not confined to limited types of written guidance. Several states do poorly in this category because they offer very limited liability relief to sellers or purchasers relying on DOR guidance. Meanwhile, California scores well because it offers liability relief to sellers and purchasers relying on California Department of Tax and Fee Administration (CDTFA) guidance.

Tax Liability Relief for Sellers Relying on Guidance



Reasonable Tax Payment Administration

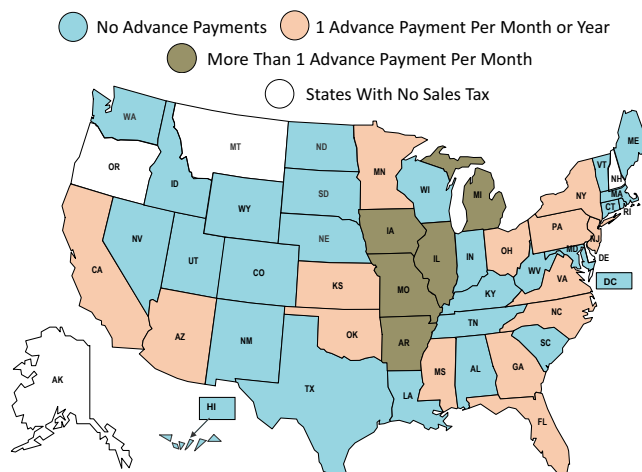
Reasonable Tax Payment Procedure - States' Grades



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 also allows the bulk of purchasers' returns to be adjusted on the sellers' tax returns for taxes the sellers refunded to purchasers.¹⁸ States like Washington and Indiana do not require advance payments and thus do well in this category. On the other hand, states like Michigan and New Jersey require sellers to make multiple advance payments.

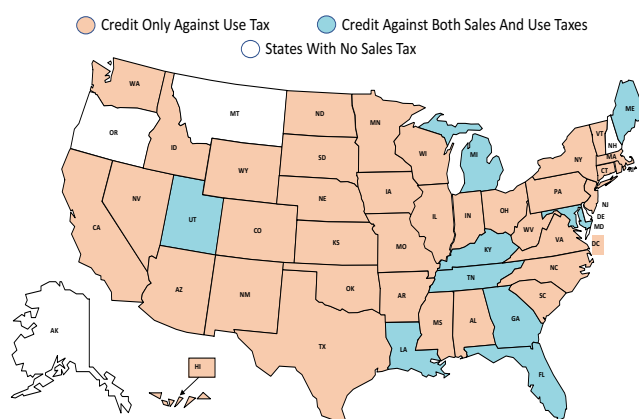
¹⁸ Even more troubling is recent lobbying for states to enact "real-time remittance" by requiring credit card processors to remit the tax on credit/debit transactions. The myriad of problems with that approach is addressed in COST's Policy Statement "Daily Sales Tax Remittance" available at: <http://cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/daily-sales-tax-remittance-policy-statement-draft-for-approval.pdf>.

Advance Payments



Another growing problem is that some states are improperly asserting 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. Thus, if the state's revenue agency asserts it is imposing its sales tax, there is no credit allowed in that situation. This Scorecard takes no position on the adequacy of reciprocity provisions; however, this issue may be evaluated in the future if it prevents purchasers from obtaining full credit for tax legally due and paid to another state.

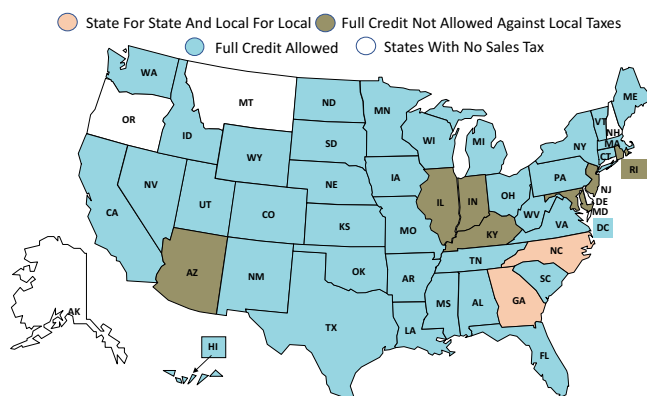
Tax Credit Against Sales and Use Tax



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. While this type of limitation itself is administratively unfair, it also raises constitutional issues regarding fair apportionment and

internal consistency under the Commerce Clause.¹⁹ 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, Arizona does poorly because its credit is limited to use tax and it does not provide credit for other states' local taxes.

Full Credit For Other States' State & Local Sales and Use Taxes



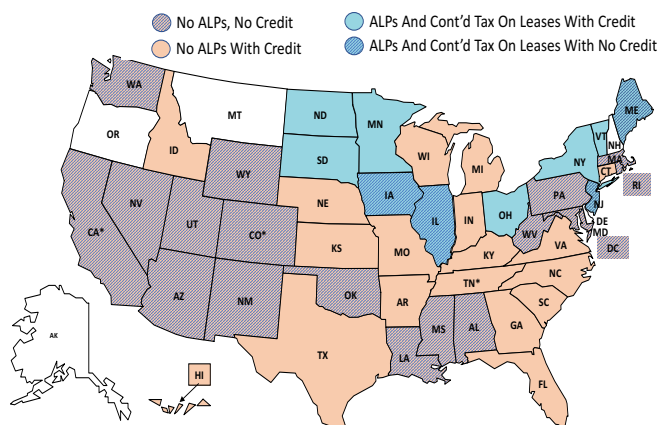
Another concern is the different methods that states use to impose their sales taxes, particularly relating to the taxation of leases (and to high-price items such as motor vehicles). COST believes the best approach for the imposition of periodic lease payments is for the tax to be imposed on each payment 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, like Iowa and New York, impose their sales tax on the total periodic lease payments upfront or they 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.²⁰

Accelerated Lease Payments (ALPs)

¹⁹ 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).

²⁰ Although not addressed in this Scorecard, there are also issues with states imposing their sales tax on motor vehicles that will 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.

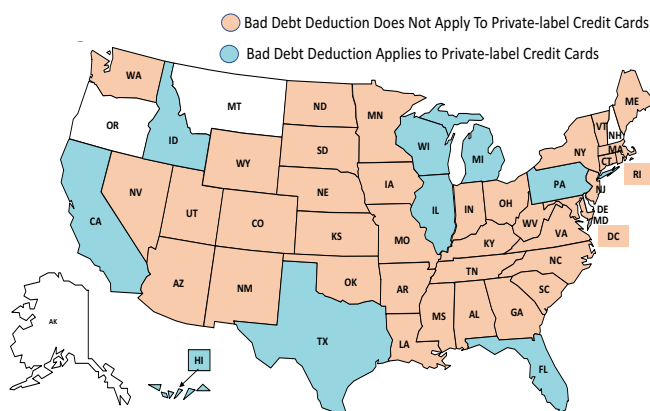
... the best approach for the imposition of periodic lease payments is for the tax to be imposed on each payment based on where the leased property was primarily located when the periodic lease payment was made.



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.²¹ Pennsylvania scores well because its bad debt deduction provision applies to private-label credit cards. Maine scores poorly because its bad debt deduction does not apply to private-label credit cards.

²¹ 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>.

Bad Debt Deduction



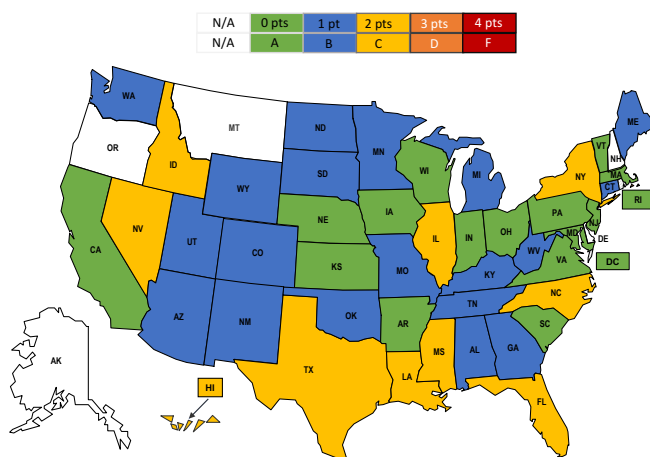
Allowing a bad-debt provision for private-label cards is a necessary because it ensures that the states' sales tax bad-debt provisions are applied in a fair and neutral manner irrespective of the type of credit card used.

Illinois is a posterchild of what can go wrong when a state allows both false claims act lawsuits and class action lawsuits instituted by third-party relators.

cies should also be the only entity authorized to audit taxpayers. False claims acts seeking additional tax due, or class action suits seeking refunds by third-party litigants are inappropriate. Illinois is a posterchild of what can go wrong when a state allows both false claims act lawsuits and class action lawsuits instituted by third-party relators.

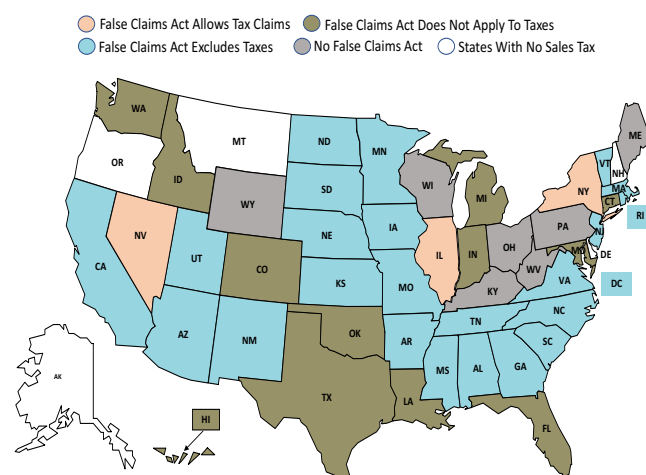
Fair Audit and Refund Procedures

Fair Refund/Audit Procedures – States' Grades

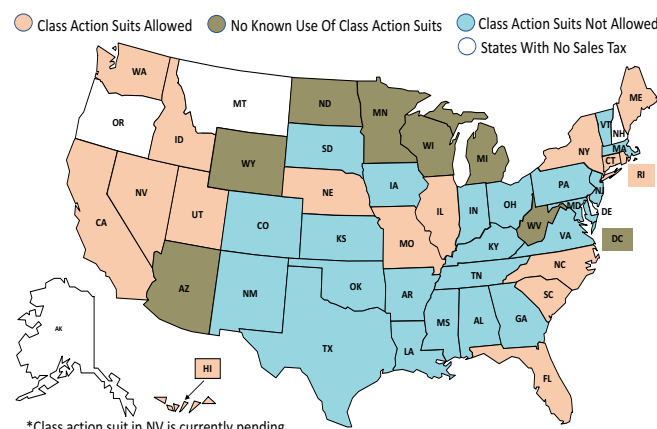


Sellers and purchasers need fair refund procedures to level the playing field between overpayments and underpayments. A state should provide a written process (e.g., a law, regulation, and/or assignment provision) that allows a purchaser to obtain a refund directly from the state in situations where 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, in Florida, there is no written process for purchasers to obtain refunds directly from the state. State revenue agen-

False Claims Act



Class Action Suits

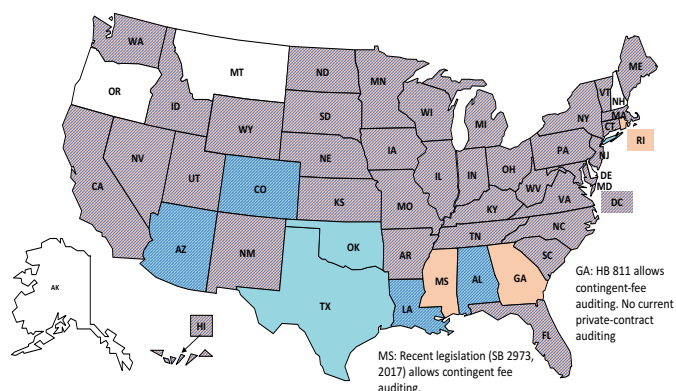


*Class action suit in NV is currently pending

Lastly, a state revenue agency should use its own auditors that are directly trained and controlled by the agency. 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 was 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.

Contingent Fee/Private Auditing

- Allows Contingent Fee Auditing
- Does Not Allow Contingent Fee And Private Contract Auditing
- Allows Private Contract Auditing
- Does Not Allow Contingent Fee, Some Locals Use Private Contract Auditing

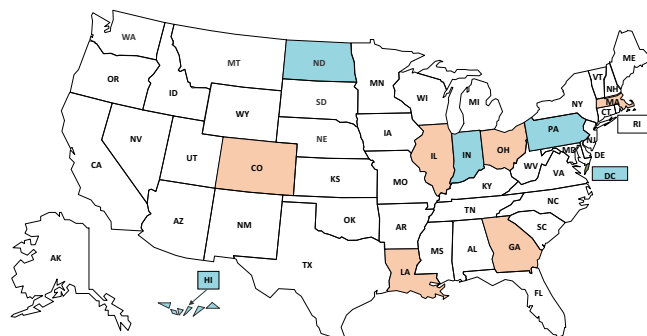


Other Issues

Certain state tax administration issues do not fit in a specific category 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 the tax agencies to obtain this information as needed. Another issue noted in several states (such as Georgia) is to administratively deny direct pay permit holders interest on overpayments of the tax. These issues are highlighted on the scorecard because they impact fair and efficient sales tax administration. Each issue is assigned one point.

SSN and Other Issues

- SSN And/Or Home Address
- Other Issues



SCORECARD QUESTIONS AS INITIALLY PRESENTED TO TAXPAYERS, PRACTITIONERS & GOVERNMENT OFFICIALS²²

The questions initially provided to taxpayers, practitioners, and government officials to evaluate each jurisdiction are provided below.²³

Intermediate Transactions/ Business Inputs

1. Does the state have an independent tax appeal forum possessing the following elements: the forum is truly independent; the forum is dedicated to handling tax disputes; the forum's judges possess requisite tax expertise; and the forum establishes the record for further appeal?
2. Does the state have a manufacturing equipment exemption?
3. Does the exemption cover the entire facility (integrated plant); or provide a more limited exemption (e.g., only equipment used directly in manufacturing)?
4. Does the state have a manufacturing inputs exemption?
5. Does the state have an exemption that applies to the purchase of equipment by the following service providers?
 - a. *Wired and Wireless Telecommunication Service Providers:* Are the services themselves subject to a sales tax or other excise tax when sold to an end use consumer?
 - b. *Cable Service Providers:* Are any of the above services subject to a sales tax or other excise tax when sold to an end-use consumer?
 - c. *Electric and Gas Products/Services:* Are sales of electricity and gas themselves subject to a sales tax or other excise tax when sold to an end use consumer?

State Sales Tax Administration

1. Does the 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 the 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)?
3. Does the state allow a seller at least 120 days during an audit to obtain valid exemption certificates (please provide number of days)?
4. Can multistate exemption certificates (MTC and SSUTA) be used to claim an exemption?
5. Are sellers required to capture and verify exemption account numbers?
6. Does the state provide vendor compensation to some or all sellers?
7. Does the state have a broad-based direct pay provision (i.e., not limited to certain types of manufacturers)?

²² 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.

²³ Note, not all the questions were used in the final version of this Scorecard.

Local Sales Tax Administration

1. Does the tax agency website have a central location where taxpayers can access sales/use tax laws, current regulations, information releases, forms, and explanations of how the sales/use is applied?
2. Does the state provide both 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?
3. Does the state provide broad liability relief to sellers and purchasers when they rely on tax agency's guidance, including the rate and boundary database?
3. Does the state provide credit for sales, use, and similar taxes (*e.g.*, motor vehicle excise tax) imposed by another state?
4. Is the credit for another state's tax allowed regardless of whether your state is imposing its sales tax or use tax?
5. Does the 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)?
6. 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)?
7. Does the state have a bad debt provision?
 - a. If so, does it apply to private-label credit cards?
8. Are officers' SSNs and/or home addresses required on registration forms or returns?

Simplification and Transparency

1. Is the state a full member of the Streamlined Sales and Use Tax Agreement?
2. Does the 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 products categorization as a service or some other express reference?
 - b. If yes, is the tax on digital products based on the enactment of a specific law to tax such products (not administrative position)?
3. Does the state impose a tax on a person merely accessing (no delivery) of pre-written computer software?
 - a. If yes, is the tax imposed based on the access to software's categorization as a service or some other express reference?
 - b. If yes, is it based on the enactment of a specific law to tax such software (not administrative position)?

Tax Payment Administration

1. Does the state allow taxpayers to remit the tax using ACH debit and credit?
2. Does the 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?

Audit and Refund Procedures

1. Does the state have a written policy that clearly allows taxpayers to use sampling to the same extent the tax agency can use it?
2. Does the state prohibit the use of both private-contract auditing and contingent fee auditing?
3. Does the state allow sales/use tax assessments to be offset by sales/use tax refunds?
4. Does the state have a written process that allows purchasers to obtain refunds from the state without going through the seller?
5. Does the state preclude or have a process that curtails the application of a false claims act?
6. Does the state preclude or have a process that curtails the application of class action lawsuits to sales and use taxes?

SCORECARD DETAIL BY STATE

| ALABAMA | | | | | | |
|--|--|---|---|--|--|--------------|
| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
| <p>B2B sales tax: 35%.</p> <p>Mfg. equip. is taxable w/ reduced 1.5% rate. Some local rates also reduced. <i>AC § 40-23-2(3)</i>. Mfg. exemption is limited to machinery, parts, and attachments used in mfg.</p> <p>Mfg. inputs exemption limited to materials that become an ingredient or component part. <i>AC § 40-23-1(a)(10)</i>; <i>AC § 40-23-60(5)</i>.</p> <p>Wired and wireless equip.: taxable, w/ reduced rate of 1.5%, depending on use. <i>AC §§ 40-23-2(3), -61(b)</i>; <i>AAC r810-6-5-.36.01(4)</i>. Both services are also taxed at consumer level. <i>AC §§ 40-21-82(b), -121</i>.</p> <p>Cable equip.: taxable, however broadcasting equip. has reduced 1.5% rate. <i>AAC r810-6-2-.98, 810-6-1-.04(2)</i>. Cable is not taxed at consumer level. <i>AC § 40-23-1(a)(6)</i>.</p> <p>Electric and gas products/services: taxable, w/reduced rate. <i>AAC r810-6-2-.101</i>. Electricity and gas is taxed at the consumer level. <i>AC § 40-21-82</i>.</p> | <p>“Good faith” req. imposed when accepting certs. <i>AAC r810-6-5-.02(13)</i>; no rule allowing sellers at least 120 days to obtain valid certs. on audit.</p> <p>MTC exemption certs. may be used.</p> <p>Sellers must capture/ verify exemption account numbers. <i>AAC r810-6-4-.10</i>.</p> <p>Vendor comp.: 5% of the first \$100 tax due, and 2% of remaining tax due (capped at \$400 per month). <i>AC § 40-23-36</i>; <i>AAC r810-6-4-.03</i>.</p> <p>Direct pay limited to certain vendors, includes mfg., transportation company, and mining. <i>AC § 40-23-31</i>; <i>AAC r810-6-4-.14</i>.</p> | <p>902 local tax jurisdictions (ratio of 5,184).</p> <p>Some central admin., but not all local jurisdictions. In addition, some locals don’t use the state appeals process. <i>AC §§ 11-3-11.2(a), 11-51-200 et seq</i>. Some local tax jurisdictions have different tax base (e.g., back-to-school tax holidays and food). <i>AC § 11-51-201(a)</i>.</p> <p>Website has current and historical tax rates and boundary database. http://revenue.alabama.gov/salestax/staterates.cfm.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed w/ out clear statutory authority on digital products.</p> <p>According to DOR, no tax imposed on a person merely accessing pre-written computer software.</p> <p>Limited liability relief to sellers or purchasers relying on DOR guidance.</p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>AC § 40-23-65</i>. Full credit for other states’ state and local taxes. <i>AAC r810-6-5-.04</i>.</p> <p>No accel. lease payments. No credit against other states’ tax on accel. lease payments. <i>AC § 40-27-1, Art. V</i>.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>Wells Fargo Fin., 19 So.3d 892 (Ala. Civ. App. 2008)</i>.</p> | <p>Eff. March 2018, purchasers can obtain refunds from state without going through the seller. <i>AC § 2018-130, AC § r. 40-24-7</i>.</p> <p>False claims act excludes tax claims.</p> <p>Class action suits not allowed. <i>Patterson v. Gladwin Corp., 835 So. 2d 137 (Ala. 2002)</i>.</p> <p>Contingent fee auditing is prohibited. Some locals use private-contract auditing. <i>AC § 40-2A-6</i>.</p> | |

ALASKA – Not Applicable

ARIZONA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|---|---|--|--|--|--------------|
| <p>B2B sales tax: 33%.</p> <p>Mfg. equip. exemption limited to M&E directly used in mfg. <i>ARS § 42-5159(B)(1)</i>.</p> <p>Mfg. inputs exemption limited to TPP directly entering (physically incorporated) into products. <i>ARS § 42-5159(A)(4); AAC R15-5-122</i>.</p> <p>Wired and wireless equip.: exempt. <i>ARS § 42-5064(B)(3)</i>. Both services are taxed at consumer level. <i>ARS § 42-5064(A)</i>.</p> <p>Cable equip.: taxable. <i>ARS § 42-5061(B)(15)(a)</i>. Services are not taxed at consumer level. <i>ARS § 42-5064(A)</i>.</p> <p>Electric and gas equip.: Partially taxable; [gas and electric distribution facilities are taxable]. <i>ARS § 42-5061(B)(4)</i>; Electricity and gas sold to consumers are taxed, except for electricity and gas sold to qualified manufacturers or smelters. <i>ARS § 42-5063(A), (C)</i>.</p> | <p>"Good faith" req. imposed when accepting certs. <i>ARS § 42-5009(A)</i>; no rule allowing sellers at least 120 days 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. <i>ARS § 42-5022</i>.</p> <p>Vendor comp.: 1% of tax due (capped at \$10,000 per calendar year). <i>ARS § 42-5017</i>.</p> <p>Direct pay allowed to persons purchasing \$500,000 or more of TPP per year. <i>ARS § 42-5167(A)</i>.</p> | <p>116 local sales tax jurisdictions (ratio of 55,104).</p> <p>Eff. 1/1/17, central admin. of the local taxes. <i>ARS § 42-6001(A)</i>. Each municipality determines its tax base but must post changes in the Model City Tax Code maintained by DOR. <i>ARS § 42-6002(A); ARS § 42-6053</i>.</p> <p>Website has current and historical tax rates but does not have a boundary database. https://www.azdor.gov/TransactionPrivilegeTax(TPT)/WhatsNew/tabid/421/cmd802/arch/Default.aspx.</p> | <p>Not a full SSUTA member but participates in SLAC.</p> <p>Tax imposed w/out clear statutory authority on digital products. <i>AAC R15-5-154(B)</i>.</p> <p>Tax imposed w/out clear statutory authority on a person merely accessing pre-written computer software. <i>Arizona Taxpayer Information Ruling No. LR11-011, No. LR11-010 (6/22/11)</i>.</p> <p>No tax liability relief for sellers and purchasers relying on DOR guidance.</p> | <p>Sellers owing over \$1M per year must make an advance payment each June. <i>ARS § 42-5014(D)</i>.</p> <p>Credit limited to use tax. <i>ARS § 42-5159(2)</i>. Does not provide credit for other states' local taxes. <i>ARS § 42-5159(2)</i>.</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. <i>AAC R15-5-1503(H)</i>.</p> <p>Bad debt deduction does not generally apply to private-label credit cards. <i>AAC R15-5-2011(A)</i>.</p> | <p>Purchasers can obtain refunds from state w/out going through the seller. <i>AAC R42-1118(E)</i>.</p> <p>False claims act excludes tax claims.</p> <p>No known use of class action suits.</p> <p>Contingent fee auditing is prohibited. Some locals use private-contract auditing. <i>ARS § 42-1004(B)(3)</i>.</p> | |

ARKANSAS

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|---|---|---|--|--------------|
| <p>B2B sales tax: 38%.</p> <p>Mfg. equip. exemption limited to M&E directly used in mfg. <i>ACA</i> §§ 26-52-402(a)(1)(A), (a)(3)(A).</p> <p>Mfg. inputs exemption limited to materials becoming a “recognizable integral part” and to certain defined items consumed or used in the mfg. process. <i>ACA</i> § 26-52-401(12)(B).</p> <p>Wired and wireless equip.: taxable. <i>ACA</i> § 26-53-108(b); services are taxed at consumer level. <i>ACA</i> § 26-52-315.</p> <p>Cable equip.: taxable. <i>ACA</i> § 26-52-301(3)(C). Cable services are taxable at consumer level. <i>ACA</i> §§ 26-52-315(a), -301(3)(c).</p> <p>Electric and gas equip.: partially taxable; [gas and electric distribution facilities are taxable]. <i>ACA</i> §§ 26-52-402, -108. Electricity and gas sold to consumers are taxed, except for sales to manufacturers.</p> | <p>No “good faith” req. imposed when accepting certs. <i>ACA</i> § 26-21-107; <i>AC</i> r.79(E)(2); sellers allowed at least 120 days to obtain valid certs. on audit. <i>AC</i> r.79(E)(4).</p> <p>MTC & SSUTA exemption certs. may be used. <i>AC</i> 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. <i>ACA</i> § 26-52-503.</p> <p>AR has a broad-based direct pay provision. <i>ACA</i> § 26-52-509(a)(1).</p> | <p>398 local sales tax jurisdictions (ratio of 7,326).</p> <p>Central admin. of the local taxes. Locals have same tax base. <i>ACA</i> §§ 26-74-212(a), -407.</p> <p>Website has current tax rates and a boundary database, but not historical tax rates.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>ACA</i> § 26-52-301(1)(B), (3)(C)(iii).</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>AC</i> r.25(A).</p> <p>Tax liability relief for sellers and purchasers relying on DFA written guidance. <i>ACA</i> § 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). <i>ACA</i> § 26-52-512; <i>AC</i> r.77(D).</p> <p>Credit limited to use tax. <i>ACA</i> § 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 accel. lease payments. <i>ACA</i> § 26-53-131; Rule UF 12.C; <i>ACA</i> § 26-5-101, Art. V.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>ACA</i> §§ 26-52-309, 26-53-111.</p> | <p>Purchasers can obtain refunds by going through seller to secure a vendor assignment. <i>ACA</i> § 26-18-507, <i>AC</i> r.81.1.</p> <p>False claims act excludes tax claims. <i>ACA</i> § 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>No current contingent fee or private-contract auditing. <i>ACA</i> § 26-18-303.</p> | |

CALIFORNIA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|--|---|---|---|--------------|
| <p>B2B sales tax: 39%.</p> <p>Mfg. equip. taxable w/reduced 3.3125% rate, limited to TPP purchased for use primarily in any stage of mfg. <i>CRTC § 6377.1(a)(1)</i>.</p> <p>Partial mfg. inputs exemption limited to TPP purchased by persons for the primary purpose of incorporating it into a manufactured article to be sold. <i>18 CCR § 1525(b)</i>.</p> <p>Wired and wireless: taxable. Wired services are not taxed at consumer level, but wireless services are taxed. <i>CRTC §§ 6006, 42100</i>. Additionally, certain surcharges may apply.</p> <p>Cable equip.: taxable. Services are not taxed at consumer level. <i>CRTC § 6006</i>.</p> <p>Electric and gas equip.: taxable w/limited exemption for election lines, poles, towers, and conduits. <i>CRTC § 6016.5</i>. Electricity and gas sales are subject to excise taxes and surcharges. <i>CRTC § 6353</i>.</p> | <p>“Good faith” req. imposed when accepting certs. <i>18 CCR § 1667(b)(1)</i>; no general rule allowing sellers at least 120 days to obtain valid certs. on audit. <i>18 CCR § 1667(b)(2)</i>.</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.</p> <p>No vendor comp.</p> <p>Direct pay limited to applicants with TPP sales totaling at least \$75M per quarter. <i>18 CCR § 1699.5(a)</i>.</p> | <p>365 local sales tax jurisdictions (ratio of 102,066).</p> <p>Central admin. of the local taxes. <i>CRTC §§ 7202(d), 7270</i>. Local tax jurisdictions have the same tax base as the state. <i>CRTC §§ 7202(b), (c)</i>.</p> <p>Website has current and historical tax rates but does not have a boundary database. https://www.boe.ca.gov/sutax/archive_rates.htm.</p> | <p>Not a full SSUTA member.</p> <p>No tax imposed on digital products. <i>Pub. 109 (6/12)</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Pub. 109 (6/12)</i>.</p> <p>Tax liability relief for sellers and purchasers relying on DTFA guidance. <i>18 CCR § 1705</i>.</p> | <p>Sellers with a monthly estimated tax of >\$17K must make advance payments. <i>CRTC § 6452</i>.</p> <p>Credit limited to use tax. <i>CRTC § 6406</i>. Full credit for other states’ state and local taxes. <i>CRTC § 6406</i>.</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. <i>18 CCR § 1660(c)(8)</i>; <i>CRTC § 6406</i>.</p> <p>Bad debt deduction applies to private-label credit cards. <i>CRTC §§ 6055(a), (b), 6203.5(a)</i>.</p> | <p>Purchasers can obtain refunds from state w/out going through the seller if the purchaser paid use tax. <i>CRTC § 6901</i>.</p> <p>False claims act excludes tax claims. <i>CGC § 12651(f)</i>.</p> <p>Very limited, written auth. required to be part of class action suit. <i>City of San Jose v. Super. Ct.</i>, 525 P.2d 701 (Cal. 1974); <i>CRTC § 6904(b)</i>.</p> <p>No current contingent fee or private-contract auditing.</p> | |

COLORADO

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|---|--|---|---|--|
| <p>B2B sales tax: 42%.</p> <p>Mfg. equip. exemption limited to equip. used directly and predominantly in mfg. of TPP, with 1+ yr. useful life, costing \$500+. <i>CRS § 39-26-709</i>. Some local jurisdictions do not provide any mfg. machinery exemption. <i>Form DR 1002</i>.</p> <p>Mfg. inputs exemption generally limited to inputs entering into the processing of or becoming an ingredient or component part of the product. <i>CRS § 39-26-102(20)(a)</i>.</p> <p>Wired and wireless: generally, taxable, but limited refund available to broadband providers. Intrastate telephone services are taxed at consumer level. <i>CRS §§ 39-26-105(1)(a), -104(1)(c)</i>.</p> <p>Cable: taxable. Cable services not taxed at state level, but some home rule jurisdictions tax these services. <i>CRS § 39-26-105</i>.</p> <p>Electric and gas equip.: generally taxable. <i>CRS § 39-26-724</i>. Electricity and gas is taxed for commercial users. <i>CRS § 39-26-105(1)(a)(II)</i>.</p> | <p>“Good faith” req. imposed when accepting certs. <i>DR 0563 (08/13) Instructions</i>; no rule allowing sellers at least 120 days to obtain valid certs. on audit, but flexible on audit.</p> <p>MTC and SSUTA exemption certs. may be used for taxable goods, but not for resale of taxable services. <i>CO GIL 13-006</i>.</p> <p>Sellers must capture exemption account numbers. <i>GIL 12-006</i>.</p> <p>Vendor comp.: 3.33% of tax due. <i>CRS § 39-26-105(1)(C)(II)(A)</i>.</p> <p>Direct pay limited to applicants making \$7M+ worth of taxable annual sales. <i>CRS § 39-26-103.5(1)</i>.</p> | <p>322 local sales tax jurisdictions (ratio of 15,619).</p> <p>All local taxes are not centrally admin.</p> <p>Some home-rule localities define their own tax base and separate appeals. <i>CRS §§ 29-2-105(1)(d)(I)</i>.</p> <p>Website has current tax rates, but not historical tax rates or a boundary database. https://www.colorado.gov/pacific/tax/sales-tax-rates.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed w/out clear statutory authority on digital products. <i>CO GIL-13-020 (Aug. 20, 2013)</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>CRS §§ 39-26-102(15)(c)(I), -(c)(II)(A)</i>.</p> <p>Limited tax liability relief for sellers and purchasers relying on DOR guidance. <i>CRS § 39-26-105.3</i>.</p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>CCR § 39-26-713.2(F)</i>. Full credit for other states’ state and local taxes. <i>CCR § 39-26-713</i>.</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 deduction does not apply to private-label credit cards. <i>CRS § 39-26-102(5)</i>; <i>CCR §§ 39-26-102.5(a)(4), -111</i>.</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. <i>CRS § 26-1-127 et seq.</i></p> <p>Class action suits not allowed. <i>CRS § 39-26-703(2.5)(c)</i>.</p> <p>No contingent fee auditing. State and locals use private-contract auditing.</p> | <p>Colorado sellers lacking nexus in a locality can have disputes with customers when collecting tax w/out having a physical presence in the locality.</p> |

CONNECTICUT

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|--|---|--|--|--------------|
| <p>B2B sales tax: 39%.</p> <p>Mfg. equip. exemption limited to machinery used directly in mfg. <i>CGS § 12-412(34)</i>; 50% exemption for M&E used primarily in mfg., processing, or fabricating. <i>CGS § 12-412i</i>.</p> <p>Mfg. inputs full exemption limited to materials, tools, and fuels used directly in an industrial plant in the actual fabrication of a finished product. <i>CGS § 12-412(18)</i>. 50% exemption for materials, tools, and fuels otherwise consumed in mfg. <i>CGS § 12-412i</i>.</p> <p>Wired and wireless equip.: partially taxable. <i>CGS § 12-412(112)</i>. Services are taxed at consumer level. <i>CGS § 12-407(a)(2)(K)</i>.</p> <p>Cable equip.: partially taxable. <i>CGS § 12-412(112)</i>. Services are taxed at consumer level. <i>CGS §§ 12-407(a)(2)(A), (a)(2)(L)</i>.</p> <p>Electric and gas equip.: partially taxable. <i>CGS § 12-412</i>. Electricity and gas is taxed for commercial users. <i>CGS § 12-412(3)</i>.</p> | <p>“Good faith” req. imposed when accepting certs. <i>CGS § 12-410(2)</i>; no rule allowing sellers at least 120 days to obtain valid certs. on audit.</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 there are “sufficient volume” of purchases to justify the expense of audits by the commissioner. <i>CGS § 12-409a</i>.</p> | <p>No local sales tax jurisdictions.</p> <p>Website has current tax rate and no tax rate change w/past 5 years. http://askdrs.ct.gov/Scripts/drsrightnow.cfg/php.exe/enduser/std_adp.php?p_fauid=398.</p> | <p>Not a full SSUTA member.</p> <p>Tax imposed w/out clear statutory authority on digital products (“computer and data processing services”). <i>CGS § 12-408(1)(D)(i)</i>.</p> <p>Tax imposed w/out clear statutory authority on a person merely accessing pre-written computer software. <i>Policy Statement 2004(2), Sales and Use Taxes on Internet Access Services and On-Line Sales of Goods and Services; FAQ 750; Ruling No. 2015-5</i>.</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. <i>CGS § 12-430(5)</i>. Full credit for other states’ state and local taxes. <i>CGS § 12-430(5)</i>.</p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments. <i>Policy Statement 96(10)</i>.</p> <p>Bad debt deduction does not generally apply to private-label credit cards. <i>CGS § 12-408(2)(B)</i>; <i>CAR § 12-408-1(d)</i>.</p> | <p>Purchasers can obtain seller’s written assignment of refund claim to obtain a refund from the state. <i>Policy Statement 98(5), Sales and Use Tax Refund Policy</i>.</p> <p>False claims act does not apply to taxes. <i>CGS § 53-440 et seq.</i></p> <p>Some class action suits allowed. <i>See Ferrie v. DirecTV, LLC, 3:15-CV-409 (JCH), 2016 WL 183474 (D. Conn. Jan. 12, 2016)</i>.</p> <p>No current contingent fee or private-contract auditing.</p> | |

DELAWARE – Not Applicable

DISTRICT OF COLUMBIA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|---|---|--|---|--|
| <p>B2B sales tax: 42%.</p> <p>Mfg. equip. taxable. <i>DCC § 47-2002.</i></p> <p>Mfg. inputs exemption limited to inputs used or incorporated into other TPP for sale by mfg. <i>DCC § 47-2001(n)(1).</i></p> <p>Wired and wireless equip.: exempt. <i>DCC §§ 47-2005(5)(B), (C).</i> Services are taxed at consumer level. <i>DCC §§ 47-2001(n)(1)(G), -2002, -3902.</i></p> <p>Cable equip.: exempt. <i>DCC § 47-2005(5)(D).</i> Services are taxed at consumer level. <i>DCC § 47-2005(26).</i></p> <p>Electric and gas equip.: exempt. <i>DCC §§ 47-2501, -2005(5)(A).</i> Some services are taxed at the consumer level. <i>DCC §§ 47-2001(n)(1)(D), -2005(11), -2005(24).</i></p> | <p>“Good faith” req. imposed when accepting certs. <i>DCC § 47-2010</i>; no rule allowing sellers at least 120 days to obtain valid certs. on audit.</p> <p>No longer allows use of MTC exemption certs.</p> <p>Sellers must capture registration numbers.</p> <p>No vendor comp.</p> <p>No direct pay permits allowed.</p> | <p>No local sales tax jurisdictions.</p> <p>Website has current tax rates but does not have historical tax rates.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed w/out clear statutory authority on digital products (“based on info services and data processing services”). <i>DCC §§ 47-2001(s), -2201(n)(1)(N), -2201(j).</i></p> <p>Tax imposed on a person merely accessing pre-written computer software (data processing and info services). <i>DCC § 47-2001(n)(1)(N)(i).</i></p> <p>No tax liability relief for relying on OTR guidance.</p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>DCC § 47-2206.</i></p> <p>Full credit for other states’ state and local taxes. <i>DCC § 47-2206(3).</i></p> <p>No accel. lease payments. Unknown if DC credits against tax paid to another state on accel. lease payments.</p> <p>Bad debt deduction does not generally apply to private-label credit cards. <i>9 DCMR § 410.4.</i></p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller.</p> <p>False claims act excludes tax claims. <i>DCC § 2-381.02(d).</i></p> <p>No known use of class action suits.</p> <p>No current contingent fee or private-contract auditing.</p> | <p>SSNs and home addresses are required on registration forms and on returns. https://www.taxpayercenter.com/fr500/Load-Step1.do.</p> |

FLORIDA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|---|--|--|---|--------------|
| <p>B2B sales tax: 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. <i>FS</i> § 212.08(5).</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. <i>FS</i> §§ 212.052, 212.08. Does not include expendable materials that do not become a component of the finished product, most fuels, and other energy.</p> <p>Wired and wireless equip.: taxable. <i>FS</i> § 212.05(1)(f). Services are taxed at consumer level. <i>FS</i> § 202.12(1)(a).</p> <p>Cable equip.: taxable. <i>FS</i> § 212.05(1)(f). Services are taxed at consumer level. <i>FS</i> § 202.11.</p> <p>Electric equip. is exempt; gas equip. is taxable. <i>FS</i> §§ 212.08(5)(c), (7)(bb). Electric and gas services subject to sales tax or GRT except for most manufacturers. <i>FS</i> §§ 212.02, .08(5); <i>FAC</i> r.12A-1.053, 1.059.</p> | <p>“Good faith” req. imposed when accepting certs. for resale. <i>FAC</i> r.12A-1.039(5). No rule allowing sellers at least 120 days to obtain valid certs. on audit, but sellers may provide certs. any time during an audit. <i>FS</i> §§ 212.07(1)(b).</p> <p>MTC exemption certs. generally not allowed. <i>FAC</i> r.12A-1.039(8).</p> <p>Sellers must capture/verify exemption account numbers. <i>FAC</i> r.12A-1.038(b).</p> <p>Vendor comp.: 2.5% of tax due for sellers who report via electronic means only (capped at \$1,200 per reporting period). <i>FS</i> § 212.12(1)(a).</p> <p>Direct pay limited to air carriers, railroads, motor carriers, vessels, and dealers of TPP who meet certain reqs. <i>FAC</i> r.12A-1.0911(2)(b), <i>FS</i> § 212.183.</p> | <p>62 local sales tax jurisdictions (ratio of 303,247).</p> <p>Central admin. of the local taxes. <i>FS</i> § 212.054(4)(a). Locals have same tax base as the state. <i>FS</i> § 212.054.</p> <p>Website has current and historical tax rates but does not have a boundary database. http://dor.myflorida.com/dor/taxes/tax_interest_rates.html.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed on certain digital products via communications services tax. <i>Florida Technical Assistance Advisement 14A19-005 (Dec. 18, 2014); Florida Technical Assistance Advisement 14A19-006 (Dec. 19, 2014).</i></p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Technical Assistance Advisement 14A-001 (1/14).</i></p> <p>Limited tax liability relief for sellers and purchasers relying on DOR guidance. <i>FS</i> §§ 213.22(1), 213.21(3)(B).</p> | <p>Sellers must make advance payments. <i>FS</i> § 212.11. Payment is due with the return for the prior month.</p> <p>Credit not limited to use tax. <i>FS</i> § 212.06(7). Full credit for other states’ state and local taxes. <i>Florida Tax Information Publication No. 00A01-36.</i></p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments (with conditions). <i>FAC</i> r.12A-1.007(13).</p> <p>Bad debt deduction applies to private-label credit cards. <i>FS</i> §§ 212.17(3), (4).</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. <i>DR-26S (1/08).</i></p> <p>False claims act does not apply to taxes. <i>FS</i> § 213.30(3).</p> <p>Class action suits allowed. <i>Schojan v. Papa John’s Intern. Inc.</i>, 34 F Supp. 3d 1206 (M.D. Fla. 2014).</p> <p>No current contingent fee or private-contract auditing.</p> | |

GEORGIA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|--|--|--|--|--|
| <p>B2B sales tax: 44%.</p> <p>Mfg. equip. exemption includes M&E necessary and integral to the mfg. of TPP, industrial materials, or packing supplies. <i>GCA § 48-8-3.2(b)</i>. This exemption covers the entire facility (integrated plant theory).</p> <p>Mfg. inputs exemption includes consumable supplies, industrial materials which become part of the component product, supplies for packing TPP, and energy necessary and integral to mfg. TPP. <i>GCA §§ 48-8-3.2(a)(3), (a)(5), (b), (c)</i>.</p> <p>Wired and wireless equip.: taxable. Services are taxed at consumer level. <i>GCA § 48-8-2(31)(A); GCR&R 560-12-2.24(2)(a)(1)</i>.</p> <p>Cable equip.: partially taxable (only digital broadcast equip. exempt). <i>GCR&R 560-12-2.17(3), (4)(a)</i>. Services are not taxed at consumer level. <i>GCR&R 560-12-2.17(5)(a)</i>.</p> <p>Electric and gas equip.: partially taxable. <i>GCR&R 560-12-2.62</i>; TPP used for transmission and distribution is not exempt. <i>Georgia Power Co. v. MacGinnitie</i>, No. 2015-1 (Ga. Tax Trib. Jan. 5, 2015). Electricity and gas is taxed at the consumer level. <i>GCA § 48-8-2(31)(A); GCR&R 560-12-2.32</i>.</p> | <p>“Good faith” req. imposed when accepting certs. <i>GCA § 48-8-38</i>; By ruling, allows sellers at least 120 days to obtain valid certs. on audit. <i>L.R. SUT-2013-06-13-03</i>.</p> <p>SSUTA/MTC exemption certs. may be used.</p> <p>Sellers not required to capture/verify exemption account numbers pursuant to a statute, but DOR has suggested that the definition of “good-faith” in <i>GCA § 48-8-38(b)</i> requires a seller to verify exemption numbers.</p> <p>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. <i>GCA § 48-8-50(b)</i>.</p> <p>Direct pay limited to certain mfg. making at least \$2 million in TPP purchases per year. <i>GCR&R 560-12-1.16</i>.</p> | <p>207 local sales tax jurisdictions (ratio of 46,800).</p> <p>Central admin. of the local taxes. <i>GCA § 48-8-110.1(c)</i>. The tax base for locals can differ from the state tax base.</p> <p>Website includes current and historical tax rates, and a boundary database.</p> <p>https://dor.georgia.gov/documents/sales-tax-rate-chart.</p> | <p>Full SSUTA member, but out of compliance.</p> <p>No tax imposed on digital products. <i>L.R. SUT 2014-05 (6/14)</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Id.</i></p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>GCA §§ 48-8-71, -77.1</i>.</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. <i>GCA § 48-8-49(b)(2)</i>.</p> <p>Credit not limited to use tax. <i>GCA § 48-8-42</i>. However, tax credit limited state to state and local to local. <i>GCR&R 560-12-1-.32(5)</i>.</p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments. <i>GCA § 48-8-42; GCR&R 560-12-1-.32</i>.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>GCA §§ 48-8-45(c), (d)</i>.</p> | <p>Purchasers can obtain refunds from the state w/out going through the seller. <i>File forms ST-12 (7/16) and ST-12B (1/12)</i>.</p> <p>False claims act excludes tax claims. <i>GCA § 23-3-121(e)</i>.</p> <p>Class action suits not allowed. <i>Georgia Power Co. v. Cazier</i>, 740 S.E.2d 458 (Ga. App. 2013); <i>GCA § 48-2-35(c)(1)(D)</i>.</p> <p>Recently enacted legislation (2018 GA HB 811) would allow contingent fee auditing. No current private-contract auditing. <i>GCA § 48-2-6(e)</i>.</p> | <p>DOR is administratively denying direct pay holders interest on refunds.</p> |

HAWAII

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|---|---|--|---|
| <p>B2B sales tax: 36%.</p> <p>No mfg. equip. exemption. <i>HRS § 237-13(2)(A)</i>.</p> <p>A wholesale 0.5% tax imposed on materials sold to a licensed manufacturer and incorporated into finished TPP for sale. <i>HRS § 237-4(a)(2)</i>.</p> <p>Wired and wireless equip.: taxable. Wired and wireless services are taxed at the consumer level.</p> <p>Cable equip.: taxable. Services are taxed at consumer level. <i>HRS § 237-13(6)</i>.</p> <p>Electric and gas equip.: taxable. Sales of electricity and gas are taxed, public service company tax. <i>HRS § 239-5(a)</i>.</p> | <p>“Good faith” req. not imposed on exemption certs. but imposed on resale certs. <i>HAR § 18-237-13-02(d)(4)</i>; no rule allowing sellers at least 120 days to obtain valid certs. on audit.</p> <p>MTC exemption certs. may be used.</p> <p>Sellers not required to capture/verify exemption account numbers. <i>HAR 18-237-30(g)</i>.</p> <p>No vendor comp.</p> <p>No broad-based direct pay provision.</p> | <p>4 local sales tax jurisdictions (ratio of 340,075).</p> <p>Central admin. of the local taxes. <i>HRS § 46-16.8(a)</i>. All the local have the same tax base as the state. <i>Id.</i></p> <p>Website has current tax rates but does not have not historical tax rates or a boundary database. http://tax.hawaii.gov/geninfo/get/.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed on digital products as TPP. <i>HRS § 237-13(2)</i>.</p> <p>Tax imposed on a person merely accessing pre-written computer software via general excise tax. <i>HRS § 237-13(9)</i>.</p> <p>Limited liability relief for sellers and purchasers relying on DOT guidance.</p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>HRS §§ 237-22, 238-3(i)</i>. Full credit for other states’ state and local taxes. <i>HRS §§ 237-22, 238-3(i)</i>.</p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments.</p> <p>Bad debt deduction applies to private-label credit cards. <i>HRS §§ 237-3(b), 241-4(b)(3)</i>.</p> | <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller.</p> <p>False claims act does not apply tax claims.</p> <p>Class action suits allowed.</p> <p>No current contingent fee or private-contract auditing. <i>HRS § 231-13(b)(3)</i>.</p> | <p>Officers’ SSNs and home addresses are required on registration form, and the last 4 SSN digits are required on returns. <i>Form BB-1 (rev. 2017), Form G-45 (rev. 2016)</i>.</p> |

IDAHO

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|--|---|---|---|--------------|
| <p>B2B sales tax: 32%.</p> <p>Exempts TPP primarily and directly used or consumed in or during a mfg., processing, mining, or fabricating operation. <i>IC</i> § 63-3622D(a),(b); <i>IDAPA</i> 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. <i>IC</i> § 63-3622D(a),(b) ; <i>IDAPA</i> 35.01.02.079.03.</p> <p>Wired and wireless equip.: taxable. <i>IDAPA</i> 35.01.02.031.04. Services are not taxed at consumer level. <i>IDAPA</i> 35.01.02.031.03.</p> <p>Cable equip.: taxable. Services are not taxed at consumer level. <i>IC</i> § 63-3612(2); <i>IDAPA</i> 35.01.02.011.</p> <p>Electric and gas equip.: taxable. <i>IDAPA</i> 35.01.02.079.20(c). Services not taxable. <i>IC</i> § 63-3612(1); <i>IDAPA</i> 35.01.02.011.</p> | <p>No “good faith” req. imposed when accepting certs. <i>IC</i> § 63-3622; no rule allowing sellers at least 120 days to obtain valid certs. on audit, but flexible on audit. <i>IDAPA</i> 35.01.02.128(09).</p> <p>MTC exemption certs. may be used.</p> <p>ID retailers purchasing for resale must provide an ID permit number.</p> <p>No vendor comp.</p> <p>ID has a broad-based direct pay provision. <i>IDAPA</i> 35.01.02.112.01.</p> | <p>13 local sales tax jurisdictions (ratio of 120,583).</p> <p>Central admin. of the local taxes, except a tourism tax. Locals have the same tax base as the state w/ limited exceptions. https://tax.idaho.gov/i-1117.cfm.</p> <p>Website has current tax rates and a boundary database, but it does not have historical local sales tax rates. https://tax.idaho.gov/i-1023.cfm#sub3.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed on digital products because it is considered TPP, w/ exceptions. <i>IC</i> § 63-3616(b).</p> <p>No tax imposed on a person merely accessing prewritten computer software. <i>IC</i> § 63-3616(b).</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. <i>IC</i> § 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. <i>State and Local Advisory Council Survey: Credit for Tax Paid Leases</i> (4/11).</p> <p>Bad debt deduction applies to private-label credit cards. <i>IDAPA</i> 35.01.02.063(02).</p> | <p>No written process allowing purchasers to obtain refunds from the state w/ out going through the seller. <i>IDAPA</i> 35.01.02.117(02).</p> <p>False claims act does not apply to taxes.</p> <p>Class action suits allowed. <i>See Ware v. Idaho State Tax Comm’n</i>, 98 Idaho 477, 567 P2d 423, (1977).</p> <p>No current contingent fee or private-contract auditing.</p> | |

ILLINOIS

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|---|--|---|---|
| <p>B2B sales tax: 37%.</p> <p>Mfg. equip. exemption limited to M&E directly used primarily in mfg. <i>35 ILCS § 120/2-5(14), 105/3-5(18), 110/2, 115/2(e).</i></p> <p>Mfg. inputs exemption limited to inputs that go into and form a part of TPP sold at retail. <i>35 ILCS § 120/1; 86 IAC § 130.210(b), 130.215(b).</i></p> <p>Wired and wireless equip.: taxable. Services are taxed at consumer level. <i>35 ILCS § 630/3.</i></p> <p>Cable equip.: taxable. Services are not taxed at consumer level. <i>Ill. Dept. of Rev. General Information Letter No. ST 04-0193-GIL (11/01/2004).</i></p> <p>Electric and gas equip.: taxable. <i>35 ILCS § 120/2-45.</i> Services are not taxed at consumer level. <i>86 IAC § 130.101.</i></p> | <p>“Good faith” req. imposed when accepting certs. for services, not TPP. <i>86 IAC § 130.1405.</i> Sellers only have 60 days to obtain valid certs. on audit.</p> <p>MTC exemption certs. may be used. However, resale certs. must contain purchaser’s IL registration number.</p> <p>Sellers must capture/verify exemption account numbers. <i>Rock Island Tobacco & Specialty Co. v. Illinois Dep’t of Revenue</i>, 409 N.E.2d 136 (3rd Dist. 1980).</p> <p>Vendor comp.: 1.75% per calendar year. <i>35 ILCS §§ 105/9, 110/9, 115/9, 120/3.</i></p> <p>IL has a broad-based direct pay provision, but the application process is detailed. <i>86 IAC § 130.2520.</i></p> | <p>1,639 local sales tax jurisdictions (ratio of 7,828).</p> <p>Central admin. of local taxes. Excluding Cook County, locals generally use the state’s tax base. Cook County also has onerous lease transaction tax.</p> <p>Website has current tax rates and a boundary database but does not have historical tax rates. http://www.revenue.state.il.us/Publications/Sales.</p> | <p>Not a SSUTA member.</p> <p>No tax imposed on digital products. <i>ST 15-0104 (GIL) (10/15).</i></p> <p>Tax imposed w/out clear statutory authority on a person merely accessing pre-written computer software. <i>ST 16-0033 (GIL).</i></p> <p>Tax liability relief for sellers and purchasers relying on erroneous DOR guidance. <i>20 ILCS § 2520.</i></p> | <p>Sellers owing > \$20,000 per month must make advance payments four times per month. <i>35 ILCS § 120/3.</i></p> <p>Credit limited to use tax. <i>35 ILCS § 105/3-55(d).</i> Does not provide a full credit for other states’ state and local taxes. <i>Philco Corp. v. Dep’t of Revenue</i>, 40 Ill.2d 312 (1968).</p> <p>State accelerates certain lease payments. Unclear if IL credits other states’ tax on accel. lease payments.</p> <p>Bad debt deduction applies to private-label credit cards. <i>86 IAC § 130.1960(d); 35 ILCS §§ 120/6d(a), (b).</i></p> | <p>Purchasers can obtain refunds from the state w/out going through the seller. <i>ST 13-0029 (GIL) (6/13).</i></p> <p>False claims act allows sales tax claims. <i>740 ILCS § 175/3(c).</i></p> <p>Class actions suits allowed. <i>Wong v. Whole Foods Mkt. Group, Inc.</i>, 15 C 848, 2015 WL 10852508 (N.D. Ill June 15, 2015) (settled 2015).</p> <p>DOR does not engage in private-contract auditing or contingent fee auditing.</p> | <p>Local jurisdictions issue w/sales v. use tax litigation on distribution of the tax unfairly forcing some sellers into litigation, <i>see City of Chicago and village of Skokie v. City of Kankakee, et al.</i> (case 11 CH 29475 (10/2015)).</p> |

INDIANA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|---|--|--|--|--|--|
| <p>B2B sales tax: 32%.</p> <p>Mfg. equip. exemption limited to M&E directly used in mfg. <i>IC § 6-2.5-5-3(b)</i>.</p> <p>Mfg. inputs exemption includes TPP incorporated as a material part, as well as TPP consumed in the direct production of other TPP. <i>IC §§ 6-2.5-5-6, -5.1; 45 IAC 2.2-5-14(d); 2.2-5-12(a)</i>.</p> <p>Wired and wireless equip.: exempt; services are taxed at consumer level. <i>IC § 6-2.5-4-6, 6-2.5-5-13</i>.</p> <p>Cable equip.: exempt. <i>Information Bulletin #17 (9/09)</i>. Services are taxed at consumer level. <i>IC § 6-2.5-4-11; 45 IAC 2.2-4-30</i>.</p> <p>Electric equip.: taxable. <i>IC § 6-2.5-5-3(c)</i>. Gas equip.: exempt. <i>IC § 6-2.5-5-3(b)</i>; Electricity and gas sold to consumers is taxed. <i>IC §§ 6-2.5-1-27, 6-2.5-4-5</i>.</p> | <p>No “good faith” req. imposed when accepting certs. <i>IC § 6-2.5-8-8(a)</i>; sellers allowed 120 days to obtain valid certs. on audit. <i>IC § 6-2.5-8-8(e)</i>.</p> <p>SSUTA exemption certs. may be used.</p> <p>Sellers not required to capture/verify exemption 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. <i>IC § 6-2.5-6-10(b)</i>.</p> <p>Direct pay allowed for mfg., retailing, and wholesaling. <i>IC § 6-2.5-8-9; 45 IAC 2.2-8-15</i>.</p> | <p>No local sales tax jurisdictions.</p> <p>Website has current and historical tax rates. http://www.in.gov/dor/4147.btm.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products under the categorization of “retail transactions.” <i>IC §§ 6-2.5-2-1, 6-2.5-4-16.4(b)</i>.</p> <p>S.B. 257, signed 3/23/18, clarified that a person merely accessing pre-written computer software is not taxable. <i>Sales Tax Bulletin 8 (12/16)</i>.</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>IC § 6-2.5-11-11</i>.</p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>IC § 6-2.5-3-5</i>. Does not provide full credit for other states’ local taxes.</p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>Home Depot U.S.A., Inc. v. Indiana Dep’t of Rev.</i>, Case No. 49T10-0703-TA-11 (July 28, 2008); <i>IC § 6-2.5-6-9</i>.</p> | <p>Purchasers may obtain refunds from the state w/out going through the seller. <i>IC § 6-2.5-6-13</i>.</p> <p>False claims act does not apply to taxes. <i>IC § 5-11-5.5-2(a)(1)</i>.</p> <p>Class action suits not allowed unless a person has previously filed a valid refund claim. <i>IC §§ 6-8.1-9-7, 6-8.1-9-1(a)</i>.</p> <p>No current contingent fee or private-contract auditing.</p> | <p>Generally, SSN and home addresses are required for registrations and returns. E-registration is also required. http://www.in.gov/dor/4324.btm.</p> |

IOWA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|---|---|--|--------------|
| <p>B2B sales tax: 47%.</p> <p>Mfg. equip. exemption includes computers, machinery, equip., replacement parts, and supplies, if the property is directly and primarily used in mfg. <i>IC</i> § 423.3(47)(a)(1).</p> <p>Mfg. inputs exemption limited to TPP that becomes an integral part of other TPP sold at retail. <i>IC</i> §§ 423.3(51), 423.6(3).</p> <p>Wired and wireless equip.: exempt. <i>IC</i> § 423.3(47A); <i>IAC</i> r.701-224.9. Services are taxed at consumer level. <i>IC</i> §§ 423.2(2), (9); <i>IAC</i> r.701-224.3(1).</p> <p>Cable equip.: exempt. <i>IC</i> § 423.3(47A); <i>IAC</i> r.701-224.9. Services are taxed at consumer level. <i>IC</i> §§ 423.2(2), 423.2(6)(a).</p> <p>Electric and gas equip.: Limited exemption. <i>IC</i> § 423.3(54). Electricity and gas is taxed for commercial users. <i>IC</i> §§ 423.3(2), (84).</p> | <p>No “good faith” req. imposed when accepting certs. <i>IC</i> § 423.45(4); <i>IAC</i> r.701-15.3(1)(b); sellers allowed 120 days to obtain valid certs. on audit. <i>IC</i> § 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 per half-month. <i>IC</i> § 423.36(9).</p> | <p>194 local sales tax jurisdictions (ratio of 15,703).</p> <p>Central admin. of the local taxes. <i>IC</i> § 423B.6; <i>IAC</i> r.701-107.15. Locals use the same tax base as the state. <i>IC</i> § 423B.5; <i>IAC</i> r.701-107.9.</p> <p>Website has current tax rates and a boundary database. It also has historical states tax rates, but not local tax rates. https://tax.iowa.gov/iowa-tax-rate-history#sales.</p> | <p>Full SSUTA member.</p> <p>No tax imposed on digital products. <i>IC</i> § 423.3(67).</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Revenue Policy Letter No. 1230002 (1/12)</i>.</p> <p>Tax liability relief limited to SSUTA reqs. <i>IC</i> § 423.52.</p> | <p>Advance payments must be made depending on filing frequency (more than \$60k per year requires 2 monthly payments). <i>IC</i> § 423.31.</p> <p>Credit limited to use tax. <i>IC</i> § 423.22; <i>IAC</i> r.701-223.2(423). Full credit for other states’ state and local taxes. <i>IC</i> § 423.22; <i>IAC</i> r.701-30.7(423).</p> <p>State accelerates certain lease payments. No credit for other states’ tax on accel. lease payments. <i>IAC</i> r.701-30.7.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>IC</i> § 423.21; <i>Letter of Findings, Document Reference: 02300051</i>.</p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. <i>IA 843 Claim for Refund (7/15)</i>.</p> <p>False claims act excludes tax claims. <i>IC</i> § 685.2(5).</p> <p>Class actions suits not allowed, refund claim must be filed with state. <i>Bass v. J.C. Penney Co., Inc.</i>, 880 N.W.2d 751 (Iowa 2016).</p> <p>No current contingent fee or private-contract auditing.</p> | |

KANSAS

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|---|--|---|--|--------------|
| <p>B2B sales tax: 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. <i>KSA §§ 79-3606(m), (n), (kk)(1)</i>.</p> <p>Mfg. inputs exemption covers TPP consumed in production, or that becomes an ingredient or component of a manufactured item. <i>KSA §§ 79-3606(m), (n)</i>.</p> <p>Wired and wireless equip.: taxable. <i>KAR 92-20-20, -21</i>. Services are taxed at consumer level. <i>KSA § 79-3603(b)</i>.</p> <p>Cable equip.: taxable. <i>KSA § 79-3603(k)</i>. Services are taxed at consumer level. <i>Id.</i></p> <p>Electric and gas equip.: exempt. <i>KSA § 79-3606(kk)(D)</i>. Electricity and gas sold to consumers is taxed, w/exemptions for noncommercial and agricultural use, and electricity consumed in production. <i>KSA §§ 79-3606(c), (n)</i>.</p> | <p>No “good faith” req. imposed when accepting certs. <i>KSA § 79-3651</i>; sellers allowed 120 days to obtain valid certs. on audit. <i>KSA § 79-3609(a)(2)</i>.</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers must capture/verify exemption account numbers. <i>KSA § 79-3692 et seq.</i></p> <p>No vendor comp.</p> <p>KS has a broad-based direct pay provision. <i>KSA § 79-3619(b)</i>.</p> | <p>641 local sales tax jurisdictions (ratios of 4,451).</p> <p>Central admin. of the local taxes. <i>KSA §§ 12-189, 12-198(a), (b); KAR 92-21-6</i>. Locals can vary from the state’s tax base. <i>KSA § 12-189a(a)-(c); KAR 92-21-6</i>.</p> <p>Website only has current tax rates going back to 2016. Must contact DOR for other tax rates. Website has boundary database. http://www.ksrevenue.org/salesrat-exchanges.html; <i>KSA § 79-3667</i>.</p> | <p>Full SSUTA member.</p> <p>No tax imposed on digital products. <i>Kansas Information Guide EDU-71R(III)(e)</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Id.</i></p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>KSA § 79-3667</i>.</p> | <p>Sellers > \$40K per year must make advance payments based on first 15 days of each month w/prior month’s return due date. <i>KSA § 79-3607(a)</i>.</p> <p>Credit limited to use tax. <i>KSA § 79-3705</i>. Full credit for other states’ state and local taxes.</p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments. <i>KAR 92-19-55b(b)(5)</i>.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>KSA § 79-3674(a); KAR 92-19-3b(c), -3b(d)(1)</i>.</p> | <p>Purchasers can obtain refunds from the state w/out going through the seller. <i>Form ST-21 (2/15) Part E</i>.</p> <p>False claims act excludes tax claims. <i>KSA § 75-7503(d)</i>.</p> <p>No known use of class action suits.</p> <p>No current contingent fee or private-contract auditing.</p> | |

KENTUCKY

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|---|---|---|---|--------------|
| <p>B2B sales tax: 44%.</p> <p>Only covers machinery (not replacement machinery) for new and expanded industry used directly in mfg. Replacement machinery not exempt w/limited exceptions. <i>KRS §§ 139.010(15), 139.480(10); 103 KAR 30:120, § 2.</i></p> <p>Mfg. inputs exemption limited to raw materials, supplies, and industrial tools which enter into and become an ingredient or component part of the manufactured product. <i>KRS § 139.470(10).</i></p> <p>Wired and wireless equip.: taxable. <i>KRS § 139.200.</i> Services are taxed at consumer level and also subject to GRT. <i>Id.</i></p> <p>Cable equip.: taxable. <i>KRS § 139.200.</i> Services subject to excise tax and MVP GRT. <i>KRS § 136.604, 136.616.</i></p> <p>Electric and gas equip.: taxable. Exemption limited to mfg. <i>KRS § 139.480(3).</i> Services are taxed. <i>KRS § 139.200.</i></p> | <p>No “good faith” req. imposed when accepting certs. <i>KRS § 139.270(1)</i>; sellers allowed 120 days to obtain valid certs. on audit. <i>KRS § 139.270(3)(a).</i></p> <p>Allows use of SSUTA certs. Limits use of MTC exemption certs. for resale. <i>KRS § 139.270(1).</i></p> <p>Sellers not required to capture/verify exemption account numbers but must obtain an identification number.</p> <p>Provides limited vendor comp.: 1.75% < \$1,000, then 1.5% of the remainder on each return (\$50 cap per reporting period). <i>KRS § 139.570.</i></p> <p>Direct pay limited to certain industries and at least \$10 million of TPP. <i>103 KAR 31:030.</i></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>Full SSUTA member.</p> <p>Tax imposed on “retail sales” of digital products. <i>KRS § 139.200(1).</i></p> <p>No tax imposed on a person merely accessing pre-written computer software.</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>KRS § 139.795(6).</i></p> | <p>No advance payments.</p> <p>Credit not limited to use tax. <i>KRS § 139.510(1).</i></p> <p>Does not provide credit for other states’ local taxes. <i>KRS § 139.510.</i></p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>KRS § 139.350.</i></p> | <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller. <i>KRS § 134.580.</i></p> <p>No false claims act.</p> <p>Class action suits not allowed. <i>KRS §§ 134.580(3).</i></p> <p>No current contingent fee and private-contract auditing.</p> | |

LOUISIANA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|---|--|--|--|
| <p>B2B sales tax: 41%.</p> <p>Mfg. equip. is taxed w/reduced rate of 1-2%; limited to equip. predominately and directly used in mfg. of TPP for sale. <i>LSA §§ 47:301(3)(i)(i), (13)(k), (28)(a).</i></p> <p>Mfg. inputs exemption limited to materials for further processing into articles of TPP for sale at retail. <i>LSA § 47:301(10)(c)(i)(aa), (18)(d)(i).</i> TPP consumed in mfg. process is subject to a state-level tax rate of 3% (tax sunsets on July 1, 2018). Limited mfg. exclusion w/NAICS codes 3211-3222 and 113310. <i>LSA § 47:301(3)(k)(i).</i></p> <p>Wired and wireless equip.: taxable. Services taxed at consumer level. <i>LSA §§ 47:301(14)(i), 47:302(C), 47:331(C); LA Rev. Bull. No. 04-005, 01/21/2004.</i></p> <p>Cable equip.: taxable. Services are not taxed at consumer level. <i>LSA §§ 47:305.16, 47:301(29)(x); Normand v. Cox Commc'ns LA, LLC, 167 So.3d 156 (La. Ct.App. 5 Cir. 2014).</i></p> <p>Electric and gas equip.: taxable w/reduced state machinery rate of 1%. <i>LSA § 47:301(3)(i)(i), (i)(ii).</i> Commercial and industrial use taxed. <i>LSA § 47:305(D)(1).</i></p> | <p>"Good faith" req. imposed when accepting certs.; no rule allowing sellers at least 120 days 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 comp.: 0.935% of the tax due (capped at \$1,500 per month). <i>LSA § 47:306(A)(3)(a).</i></p> <p>Direct pay limited to qualifying mfg. with taxable purchases or leases of at least \$5M over the last 3 years, <i>LSA § 47:303.1.</i></p> | <p>452 local sales tax jurisdictions (ratio of 10,030).</p> <p>Local authorities self-administer the taxes. <i>LSA § 47:337.13.</i></p> <p>Local authorities have autonomy in interpreting what is subject to tax separate from the state. <i>LSA § 47:338.54(A)(1).</i></p> <p>Website has current tax rates, but not historical tax rates nor a boundary database. <i>http://www.revenue.louisiana.gov/SalesTax/SalesTaxRates.</i></p> | <p>Not a SSUTA member.</p> <p>Tax imposed w/out clear statutory authority on digital products downloaded and saved in LA.</p> <p>No tax imposed on person merely accessing pre-written computer software. <i>Louisiana PLR 05-003 (3/05).</i></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. <i>LSA §§ 47:303(A)(3), 47:337.86.</i></p> <p>Full credit for other states' state and local taxes. <i>LSA § 47:303(A)(3).</i></p> <p>No accel. lease payments. Unclear if LA credits against other states' tax on accel. lease payments.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>LSA § 47:315(B); 61 LAC § 1.4369(B).</i></p> | <p>While state has a written process allowing purchasers to obtain refunds from the state w/out going through the seller, locals may not allow.</p> <p>False claims act does not apply to taxes. <i>LSA § 46:439.3 et seq.</i></p> <p>Class action suits not allowed. <i>Clark v. State, 30 So. 3d 812 (La.App. 1st Cir. 2009).</i></p> <p>Contingent fee auditing is prohibited. Some locals use private-contract auditing.</p> | <p>State's tax base is not uniform, certain exemptions do not apply to the additional "clean" penny tax.</p> |

MAINE

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|---|--|---|--|--|--------------|
| <p>B2B sales tax: 35%.</p> <p>Mfg. equip. exemption covers machinery used directly and primarily to produce TPP for sale, or for R&D. <i>MRS § 1760(31)(A), (32).</i></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. <i>MRS § 1760(74).</i></p> <p>Wired and wireless equip.: taxable. Services are taxed at consumer level. <i>MRS § 2552.</i></p> <p>Cable equip.: taxable, w/ broadcast signals exemption. <i>MRS § 1760(31)(A).</i> Services taxed at the consumer level. <i>MRS § 2552.</i></p> <p>Electric and gas equip.: exempt. Services taxed at the consumer level, w/limited exemption for residential electricity and gas. <i>MRS §§ 1760(9-B), (9-C).</i></p> | <p>“Good faith” req. imposed when accepting certs. under certain circumstances. <i>MRS Instructional Bulletin No. 36(3)(A)</i>; no rule allowing sellers at least 120 days to obtain valid certs. on audit, but flexible on audit.</p> <p>Limited use of MTC exemption certs. for nonresident retailers only. <i>18 125 CMR 301, § 5.</i></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. <i>18 125 CMR § 308.</i></p> | <p>No local sales tax jurisdictions.</p> <p>Website has current and historical tax rates. http://www.maine.gov/revenue/salesuse/Reference-Guide2017.pdf.</p> | <p>Not a full SSUTA member.</p> <p>Tax imposed on digital products. <i>MRS §§ 1752(9-E), (17), 1811.</i></p> <p>No tax imposed on a person merely accessing pre-written computer software.</p> <p>No tax liability relief for sellers and purchasers relying on MRS guidance, but penalty relief may be available. <i>MRS § 187-B(7).</i></p> | <p>No advance payments.</p> <p>Credit not limited to use tax. <i>MRS § 1862.</i> Full credit for other states’ state and local taxes.</p> <p>State has accel. lease payments. No credit against other states’ tax on accel. lease payments.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>MRS § 1811-A.</i></p> | <p>Purchasers can obtain refunds from the state. <i>Form APP-153 (11/17).</i></p> <p>No false claims act.</p> <p>Class action suits allowed. <i>Flippo v. L.L. Bean, Inc., 898 A.2d 942 (Me. 2006).</i></p> <p>No current contingent fee or private-contract auditing.</p> | |

MARYLAND

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|---|--|--|---|---|--------------|
| <p>B2B sales tax: 42%.</p> <p>Mfg. equip. exemption covers TPP used directly and predominately at any stage of production in mfg. <i>MCA, Tax-Gen. § 11-210(b); COMAR 03.06.01.32-2.C.</i></p> <p>Mfg. inputs exemption limited to TPP purchased for use as a material or part of other TPP purchased for sale. <i>MCA, Tax-Gen. § 11-101(b)(3)(ii)(2).</i></p> <p>Wired and wireless equip.: taxable. <i>COMAR 03.06.01.01(B)(2).</i> Wired services are not taxed, but wireless services are taxed at consumer level. <i>MCA, Tax-Gen. § 11-101(m)(4); COMAR 03.06.01.01(B)(2).</i></p> <p>Cable equip.: taxable. <i>MCA, Tax-Gen. § 11-210(d);</i> TV subscription services are not taxed but pay-per-view TV is taxed at consumer level. <i>MCA, Tax-Gen. § 11-101(m).</i></p> <p>Electricity and gas equip.: exempt. <i>MCA, Tax-Gen. § 11-101(f)(1)(i)(ii).</i> Services are taxed at consumer level, w/exemption for residential use. <i>MCA, Tax-Gen. §§ 11-101(k)(2)(iii), -207, -210(a)(2).</i></p> | <p>“Good faith” req. imposed when accepting certs. <i>MCA, Tax-Gen. § 11-408(b); COMAR 03.06.14;</i> sellers allowed only 60 days to obtain valid certs. on audit. <i>MCA, Tax-Gen. § 11-408(b)(4)(ii); COMAR 03.06.01.14.F</i></p> <p>Limited use of MTC and SSUTA exemption certs.</p> <p>Sellers must capture/verify exemption account numbers. <i>COMAR 03.06.01.22(D)(2).</i></p> <p>Vendor comp.: 1.2% on the first \$6,000 and 0.9% on the remainder (capped at \$500 per period). <i>MCA, Tax-Gen. § 11-105.</i></p> <p>Direct pay limited to vendors who have entered into Effective Rate Agreements with the Comptroller. <i>MCA, Tax-Gen. §§ 11-407(a), (c)(2)(i).</i></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). <i>http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Sales_and_Use_Tax/Tax_Information/Tax_Rates/.</i></p> | <p>Not a SSUTA member.</p> <p>No tax imposed on digital products. <i>Email from Comptroller.</i></p> <p>No tax imposed on a person merely accessing pre-written computer software.</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. <i>MCA, Tax-Gen. § 11-221(c).</i> Does not provide credit for other states’ local taxes. <i>MCA, Tax-Gen. § 11-221(c).</i></p> <p>No accel. lease payments. No credit against other states’ tax on accel. tax payments. <i>COMAR 03.06.01.28.</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>COMAR 03.06.03.07(A), (B).</i></p> | <p>Purchasers can obtain refunds from the state w/out going through the seller if the refund is \$1,000+. <i>COMAR 03.06.03.05B(2).</i></p> <p>False claims act does not apply to taxes. <i>MCA, Gen. Prov. § 8-101.</i></p> <p>Class action suits not allowed. <i>Hooks v. Comptroller; 265 Md. 380 (1972).</i></p> <p>No current contingent fee or private-contract auditing.</p> | |

MASSACHUSETTS

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|---|--|---|---|--|
| <p>B2B sales tax: 48%.</p> <p>Mfg. equip. exemption limited to materials, tools, fuel, and machinery used directly and exclusively in “actual manufacture” of TPP to be sold. <i>MGL c.64H, §§ 6(s).</i></p> <p>Mfg. inputs exemption limited to materials, tools, fuel, and machinery used directly and exclusively in “actual manufacture” of TPP to be sold. <i>MGL c.64H, §§ 6(r).</i></p> <p>Wired and wireless equip.: taxable. Services taxed at consumer level. <i>830 CMR 64H.1.6(4).</i></p> <p>Cable equip.: exempt. <i>MGL c.64H, §§ 6(r), (s).</i> Services not taxed at consumer level. <i>830 CMR 64H.1.6(6).</i></p> <p>Electric and gas equip.: exempt. <i>MGL c.64H, §§ 6(r), (s).</i> Electricity and gas services are taxed, w/some exceptions. <i>MGL c.64H, § 1.</i></p> | <p>“Good faith” req. imposed when accepting certs. <i>830 CMR 64H.8.1(4)(b)</i>; sellers allowed only 60 days to obtain valid certs. on audit. <i>830 CMR 64H.8.1(4)(d).</i></p> <p>MTC and SSUTA exemption certs. may not be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>No vendor comp.</p> <p>Direct pay allowed to purchasers with taxable purchases > \$1M per year. <i>830 CMR 64H.3.1(4)(a)(2).</i></p> | <p>No local sales tax jurisdictions.</p> <p>Website has current tax rates. https://www.mass.gov/service-details/learn-about-massachusetts-tax-rates.</p> | <p>Not a SSUTA member.</p> <p>No tax imposed on digital products. <i>Massachusetts Technical Information Release TIR 05-8, (VII)(B)(8) (7/05).</i></p> <p>Tax imposed w/out clear statutory authority on a person merely accessing pre-written computer software. <i>830 CMR 64H.1.3(3)(a), (14); L.R. 12-8.</i></p> <p>No tax liability relief for sellers and purchasers relying on DOR guidance. <i>MGL c. 62C, §36B.</i></p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>MGL c.64I, § 7(c).</i> Full credit for other states’ state and local taxes. <i>Massachusetts Technical Information Release TIR 03-1(III).</i></p> <p>No accel. lease payments. No credit against other states’ tax on accel. lease payments. <i>MGL c.64I, § 7(c).</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>MGL c.64H, § 33.</i></p> | <p>Purchasers can obtain vendor’s consent to file claim on its behalf. <i>Technical Information Release 15-2.</i></p> <p>False claims act excludes tax claims. <i>MGL c. 12, §5B(d).</i></p> <p>Class action suits not allowed. <i>McGonagle v. The Home Depot U.S.A., Inc.</i>, 915 N.E.2d 1083 (Mass.Appls. Ct. 2009).</p> <p>No current contingent fee or private-contract auditing.</p> | <p>State is pushing for real time collection of the sales tax – see <i>STRI Study at: http://cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/daily-sales-tax-collection-system-could-cost-massachusetts-businesses-\$1.2-billion.pdf</i>.</p> |

MICHIGAN

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|--|---|--|---|--------------|
| <p>B2B sales tax: 36%.</p> <p>Mfg. equip. exemption covers TPP used or consumed in industrial processing. <i>“Industrial processing” is a broadly defined.</i> <i>MCL § 205.54t(1), (7)(a).</i></p> <p>Mfg. inputs exemption broadly covers ingredients, components, fuels and energy used or consumed in industrial processing. <i>MCL § 205.54t(7)(a).</i></p> <p>Wired and wireless equip.: partially taxable (10%). <i>MCL § 205.54v; MAC r.205.110(5), (6).</i> Services are taxed at consumer level. <i>MCL § 205.93b.</i></p> <p>Cable equip.: taxable. <i>MCL § 205.93b(9)(m)(vii).</i> Services are not taxed at consumer level. <i>MCL § 205.93a(5)(s).</i></p> <p>Electric and gas equip.: exempt. <i>MCL § 205.54t.</i> Electricity and gas sold to consumers are taxed at a reduced rate of 4%. <i>MCL § 205.51a(q); MAC r.205.115(1).</i></p> | <p>No “good faith” req. at sale when accepting certs. <i>MCL § 205.62</i>; sellers allowed 120 days on audit to obtain valid certs. <i>MCL § 205.62(7).</i></p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers are not required to capture/verify exemption account numbers, but for resale claims, the seller must keep a record of the purchaser’s license number (if the purchaser has one). <i>MCL § 205.68(1).</i></p> <p>Vendor comp.: 0.5% of the tax due monthly at a rate of 4% (capped at \$20,000 per month).</p> <p>MI has a broad-based direct pay provision. <i>§ 205.98, Michigan Revenue Administrative Bulletin 2000-3 (6/00).</i></p> | <p>No local sales tax jurisdictions.</p> <p>Website had current tax rates and historical tax rates. https://www.michigan.gov/documents/treasury/SalesUseTaxReport2012_432538_7.pdf.</p> | <p>Full SSUTA member.</p> <p>No tax imposed on digital products. <i>SSUTA Taxability Matrix.</i></p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>MCL § 205.51a(o); Auto-Owners Ins. Co. v. Dep’t of Treas., 880 N.W.2d 337 (Mich.App. 2015).</i></p> <p>Tax liability relief for sellers and purchasers relying on written guidance as provided by RAB 2016-20. <i>Michigan SSUTA Cert. of Compliance, 08/01/2015.</i></p> | <p>Sellers must make multiple advance payments. <i>MCL § 205.56(2)(b).</i></p> <p>Credit not limited to use tax. <i>MCL § 205.94(1)(e).</i> Full credit for other states’ state and local taxes. <i>MCL § 205.94(1)(e).</i></p> <p>No accelerated lease payments. Credit against other states’ tax on accel. lease payments. <i>MCL § 205.94(1)(e).</i></p> <p>Bad debt deduction applies to private-label credit cards. <i>MCL § 205.54i(b)(iii).</i></p> | <p>Purchasers required to obtain refunds from the seller. <i>MCL § 205.27a.</i></p> <p>False claims act does not apply to taxes. <i>MCL § 400.601 et seq.</i></p> <p>No known use of class action suits.</p> <p>No current contingent fee or private-contract auditing.</p> | |

MINNESOTA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|---|--|--|---|--------------|
| <p>B2B sales tax: 47%.</p> <p>Mfg. equip. exemption covers capital equip. used in MN essential to the industrial process. <i>MS</i> § 297A.68(5).</p> <p>Mfg. inputs exemption covers materials (includes utilities) consumed in “industrial production,” which is broadly defined. <i>MS</i> § 297A.68(2).</p> <p>Wired and Wireless equip.: exempt. <i>MS</i> § 297A.68, <i>Subd. 35a</i>. Both services are taxed at the consumer level. <i>MS</i> §§ 297A.61, <i>subd. 3(i)</i>, 297A.669.</p> <p>Cable equip.: exempt. <i>MS</i> § 297A.68, <i>subd. 35a</i>. Cable services are taxed at a consumer level. <i>MS</i> § 297A.61, <i>subd. 3(i)</i>.</p> <p>Electric and gas equip.: exempt. <i>MS</i> § 297A.68, <i>subd. 5(a)</i>. Both products/services are taxed at consumer level. <i>MS</i> § 297A.67, <i>subd. 15</i>.</p> | <p>No “good faith” req. imposed when accepting certs. <i>MS</i> § 297A.72; sellers allowed 120 days to obtain valid certs. on audit. <i>MS</i> § 297A.665(b)(2)(i).</p> <p>SSUTA certs. may be used. <i>MS</i> § 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. <i>MR</i> 8130.3400(4).</p> | <p>62 local sales tax jurisdictions (ratio of 85,547).</p> <p>Central admin. of the local taxes. <i>MS</i> § 297A.99(9)(a). Locals have the same tax base at the state. <i>Id</i>.</p> <p>State has current tax rates, and a boundary database. Historical information not found.</p> <p>http://www.revenue.state.mn.us/businesses/sut/Pages/Local_Tax_Info.aspx.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on specified and other digital products as defined. <i>MS</i> §§ 297A.61(3)(I); 297A.61, <i>subd. 4(o)</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>MS</i> § 297A.61, <i>subd. 3(f)</i>; <i>DOR Sales Tax Fact Sheet 134 (08/16)</i>.</p> <p>Tax liability relief limited to sellers and purchasers relying on rates and boundary database. <i>MS</i> § 297A.995, <i>subd. 10</i>.</p> | <p>Sellers owing \$250,000 or more during the previous year must make advance payments. <i>MS</i> § 289A.20, <i>subd. 4(b)</i>.</p> <p>Credit limited to use tax. <i>MS</i> § 297A.80. Full credit for other states’ state and local taxes. <i>MS</i> § 297A.80.</p> <p>State accelerates certain lease payments. Credits other states’ tax on accel. lease payments. <i>MS</i> § 297A.80.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>MS</i> §§ 297A.81, <i>subd. 2</i>, 289A.40, <i>subd. 2</i>; <i>MR</i> 8130.7400, <i>subpart 1</i>.</p> | <p>State has limited written process allowing purchasers to obtain refunds from the state w/ out going through the seller. <i>MS</i> § 289A.50, <i>subd. 2a</i>.</p> <p>False claims act excludes tax claims. <i>MS</i> § 15C.03.</p> <p>No known use of class action suits.</p> <p>No current contingent fee or private-contract auditing.</p> | |

MISSISSIPPI

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|---|---|--|--|--------------|
| <p>B2B sales tax: 36%.</p> <p>Mfg. equip. for machinery used exclusively and directly in mfg. is taxable w/ reduced rate of 1.5%. <i>MCA § 27-65-17(1)(e); MCR § 35-IV7.03(100)</i>. This exemption is limited to “plant use.”</p> <p>Mfg. inputs exemption limited to raw materials, catalysts, chemicals, and welding or other industrial gases (other than natural gas). <i>MCA § 27-65-101(1)(b); MCR § 35-IV7.03(403)</i>.</p> <p>Wired and wireless equip.: partially taxable. <i>MCA § 27-65-101(5); § 57-73-21(14)(b)</i>. Services are taxed at consumer level. <i>MCA § 27-65-19(1)(d)(i)(1)</i>.</p> <p>Cable equip.: partially taxable. <i>MCA § 57-73-21(14), 27-65-101(5)(a)(v)</i>. Cable services are taxable. <i>MCA § 27-65-23</i>.</p> <p>Electric equip.: taxable at 1.5% rate. <i>MCR § 35-IV7.03(100)</i>. Gas equip. is taxable. Electricity and gas sold to consumers are taxed, but there are certain exemptions. <i>MCA §§ 27-65-19, -19(1)(a)(i)</i>.</p> | <p>No exemption cert. process. Must rely on exemption ruling. <i>MCR § 35-IV03.06(111)</i>; no rule allowing sellers at least 120 days to obtain valid certs. on audit.</p> <p>MTC and SSUTA exemption certs. may not be used.</p> <p>Purchaser must provide seller with exemption authorization letter issued by DOR. <i>MCR § 35-IV03.06(111), 35-IV03.07(101))</i>.</p> <p>Vendor comp.: 2% of tax due (capped at \$50 per month and \$600 per calendar year). <i>MCA § 27-65-33(1)</i>.</p> <p>Direct pay limited to certain industries. <i>MCA § 27-65-93; MCR § 35-IV01(301)-(304)</i>.</p> | <p>2 local sales tax jurisdictions (ratio of 1,483,649).</p> <p>Central admin. of the local taxes. <i>MCA § 27-65-241(5)(a)</i>. Locals use the same tax base as the state. <i>MCA § 27-65-241(2)</i>.</p> <p>Website has current tax rates but does not have historical tax rates. http://www.dor.ms.gov/Business/Pages/Sales-Tax-Rates.aspx. DOR website does not have a boundary database.</p> | <p>Not a full SSUTA member.</p> <p>Tax imposed on digital products. <i>MCA § 27-65-26</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>MCR § 35-IV05.06(300)</i>.</p> <p>Limited tax liability relief for sellers and purchasers who receive a letter ruling from the agency. <i>MCR § 35-I-1.01(108)</i>.</p> | <p>Sellers averaging > \$50,000 monthly must make one advance payment each June that equals 75% of the current June's liability or 75% of the prior June's liability. <i>MCA § 27-65-33</i>.</p> <p>Credit limited to use tax. <i>MCA § 27-67-7(a)</i>. Full credit for other states' state and local taxes. <i>MCR § 35-IV1.06(100)</i>.</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. <i>State and Local Advisory Council Survey: Credit for Tax Paid Leases (4/11)</i>.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>MCA § 27-65-33(9); MCR § 35-IV2.04(201)</i>.</p> | <p>Purchasers required to obtain refunds from the seller.</p> <p>False claims act excludes tax claims. <i>MCA § 43-13-201 et seq.</i></p> <p>Class action suits not allowed. <i>American Bankers Ins. Co. of Florida v. Booth</i>, 830 So.2d 1205 (Miss. 2002).</p> <p>Recent legislation (SB 2973 (2017)) allows contingent fee auditing.</p> | |

MISSOURI

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|---|--|---|---|--------------|
| <p>B2B sales tax: 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. <i>RSMo</i> § 144.030.2(5), (6); <i>Fred Weber, Inc. v. Dir. of Revenue</i>, 452 S.W.3d 628 (Mo. 2015).</p> <p>Mfg. inputs exemption covers ingredients and component parts used or consumed in producing a product with the intention of it being sold for final use or consumption. <i>RSMo</i> § 144.030.2(2).</p> <p>Wired and wireless equip.: exempt. Both services taxed at consumer level. <i>RSMo</i> § 144.020.1(4).</p> <p>Cable equip.: exempt. <i>RSMo</i> § 144.010.1(15)(d). Cable services: exempt.</p> <p>Electric and gas equip.: exempt. <i>RSMo</i> §§ 144.030, 144.054(2). Electricity and gas sold to consumers are generally taxed. <i>RSMo</i> § 144.020.1(3); 12 <i>CSR</i> 10-108.300(2)(A).</p> | <p>“Good faith” req. imposed when accepting certs. 12 <i>CSR</i> 10-107.100; no rule allowing sellers at least 120 days to obtain valid certs. on audit, but DOR allows until administrative hearing to produce certs.</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 due. <i>RSMo</i> § 144.140.</p> <p>Direct pay limited to applicants who purchase more than \$750,000 of TPP and taxable services per year. 12 <i>CSR</i> 10-104.040(2)(B).</p> | <p>1,925 local sales tax jurisdictions (ratio of 3,111).</p> <p>Central admin. of the local taxes. <i>RSMo</i> §§ 32.087(6), 144.757(3), (4). Locals use the same tax base as the state. <i>RSMo</i> §§ 32.087(5), (7), 144.757(3), (4).</p> <p>Website has current and historical tax rates back to 1997 but does not have a boundary database. http://dor.mo.gov/business/sales/rates/.</p> | <p>Not a SSUTA member.</p> <p>No tax imposed on digital products. <i>L.R.</i> 7338 (12/13).</p> <p>No tax imposed on a person merely accessing pre-written computer software. 12 <i>CSR</i> 10-109.050(3)(I).</p> <p>No tax liability relief for sellers and purchasers relying on DOR guidance.</p> | <p>Sellers owing \$10,000 or more every 6 months must make 4 advance payments per month. <i>RSMo</i> § 144.081; 12 <i>CSR</i> 10-104.030(3).</p> <p>Credit limited to use tax. <i>RSMo</i> § 32.200, Art. V. Full credit for other states’ state and local taxes. <i>RSMo</i> § 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 deduction does not apply to private-label credit cards. <i>RSMo</i> §§ 144.190, 144.696; 12 <i>CSR</i> 10-102.100.</p> | <p>Purchaser can obtain an assignment of rights from the seller. <i>Form</i> 5440 (12/14).</p> <p>False claims act excludes tax claims.</p> <p>Class action suits allowed.</p> <p>No current contingent fee or private-contract auditing.</p> | |

MONTANA – Not Applicable

NEBRASKA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|--|--|--|--------------|
| <p>B2B sales tax: 44%.</p> <p>Mfg. machinery and equip. is exempt if purchased for use in mfg., but excludes various items not used in guiding, controlling, operating, or measuring of the mfg. process. <i>NRS §§ 77-2704.22, 77-2701.47.</i></p> <p>Mfg. inputs exemption limited to ingredients and component parts of product manufactured. <i>316 NAR&R 1-107.04 -107.05.</i></p> <p>Wired and wireless equip.: taxable. <i>316 NAR&R 1-065.04.</i> Both services are taxed on consumer level. <i>NRS § 77-2701.16(2)(b).</i></p> <p>Cable equip.: taxable. <i>316 NAR&R 1-081.05.</i> Services are taxed at consumer level. <i>NRS §§ 77-2701.16(2)(d), (3)(b).</i></p> <p>Electric and gas equip.: partially taxable. <i>NRS § 77-2704.13.</i> Electricity and gas sold to consumers are taxed. <i>NRS § 77-2701.16(2)(c).</i></p> | <p>No "good faith" req. imposed when accepting certs. <i>316 NAR&R 1-013.02A;</i> sellers allowed 120 days to obtain valid certs. on audit. <i>316 NAR&R 1-013.02A.</i></p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 2.5% of tax due (capped at \$3,000 per month). <i>NRS § 77-2703(2)(d).</i></p> <p>Direct pay limited to applicants who make taxable purchases of at least \$3M per year. <i>316 NAR&R 1-097.03.</i></p> | <p>236 local sales tax jurisdictions (ratio of 7,739).</p> <p>Central admin. of the local taxes. <i>NRS §§ 77-27,143, 13-2814, 13-324.</i> Locals use the same tax base as the state. <i>NRS § 77-27,142(1).</i></p> <p>Website has current tax rates, historical tax rates, and a boundary database, but does not include local tax rates. <i>http://www.revenue.nebraska.gov/research/chronology.html.</i></p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>NRS § 77-2701.16(9).</i></p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Nebraska Information Guide No. 6-511-2011 (6/11).</i></p> <p>Limited tax liability relief for sellers and purchasers relying on SSUTA guidance. <i>NRS § 77-2712.05(7).</i></p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>NRS § 77-2704.31.</i> Full credit for other state and local taxes. <i>316 NAR&R 1-071.</i></p> <p>No accel. lease payments. Credits other states' tax on accel. lease payments. <i>316 NAR&R 1-018, -071.</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>NRS § 77-2708(2)(j).</i></p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. <i>Form 7 (2/16).</i></p> <p>False claims act excludes tax claims. <i>NRS § 68-934.</i></p> <p>No known use of class action suits.</p> <p>No current contingent fee or private-contract auditing.</p> | |

NEVADA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|---|---|--|--------------|
| <p>B2B sales tax: 46%.</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. <i>NAC 372.370(1)</i>.</p> <p>Mfg. inputs exemption limited to TPP incorporated into manufactured articles to be sold. <i>NAC 372.370</i>.</p> <p>Wired and wireless equip.: taxable. <i>NRS § 372.105</i>. Both services are not subject to sales tax. <i>NRS § 363C</i>.</p> <p>Cable equip.: taxable. <i>NRS § 372.105</i>; <i>NAC 372.155(3)</i>. Services are not taxed at consumer level. <i>NRS §§ 363C, 372.734, 374.739</i>.</p> <p>Electric and gas equip.: taxable. <i>NRS § 372.105</i>. Electricity and gas are not taxed at the consumer level. <i>NRS §§ 374.300, 372.295</i>.</p> | <p>No “good faith” req. imposed when accepting certs. <i>NAC 372.730, 372.735</i>; sellers allowed 120 days to obtain valid certs. on audit. <i>NAC 372.730, 372.735</i>.</p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 0.25% of tax due. <i>NRS §§ 372.370(1), 372.355</i>.</p> <p>Direct pay limited to purchasers who do not maintain a place of business in Nevada. <i>NRS § 360B.260(1)</i>.</p> | <p>18 local sales tax jurisdictions (ratio of 150,031).</p> <p>Central admin. of the local taxes. <i>NRS §§ 374.723, 374.380</i>. Locals use the same tax base as the state.</p> <p>Website has current tax rates and a boundary database but does not have historical rates. http://tax.nv.gov/Publications/Sales_and_Use_Tax_Publications/.</p> | <p>Full SSUTA member.</p> <p>No tax imposed on digital products. <i>Nevada State Taxability Matrix version 2015.4</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software.</p> <p>Tax liability relief for sellers and purchasers relying on DOT guidance. <i>NRS § 360B.250</i>.</p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>NAC 372.055</i>. Full credit for other states’ state and local taxes. <i>Id.</i></p> <p>No accel. lease payments. No credit against other states’ tax on accel. lease payments.</p> <p>Bad debt deduction provision does not apply to private-label credit cards. <i>NRS §§ 372.368(1), (4)</i>.</p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. <i>NRS § 372.630(2)</i>.</p> <p>NV false claims act may apply to taxes. <i>NRS § 357.010 et seq.</i></p> <p>Class action suit on internet access fees currently pending.</p> <p>No current contingent fee or private-contract auditing.</p> | |

NEW HAMPSHIRE – Not Applicable

NEW JERSEY

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|---|--|---|---|--------------|
| <p>B2B sales tax: 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. <i>NJRS § 54:32B-8.13(a)</i>.</p> <p>Mfg. inputs exemption limited to TPP which will become part of the finished product. <i>NJRS § 54:32B-8.13(a); NJAC 18:24-4.4(a)</i>.</p> <p>Wired and wireless equip.: exempt. <i>NJRS § 54:32B-8.13(c)</i>. Both services taxed at consumer level. <i>NJRS § 54:32B-3(f)(1)</i>.</p> <p>Cable equip.: exempt. <i>NJRS § 54:32B-8.13(c)</i>. Cable services are not taxed at consumer level. <i>NJRS § 54:32B-2(cc)(13)</i>.</p> <p>Electric and gas equip.: exempt. <i>NJRS § 54:32B-8.13(b)</i>. Electricity and gas products/services sold to consumers are taxed. <i>NJRS §§ 54:32B-2(g), -3(a), -8.11</i>.</p> | <p>No “good faith” req. imposed when accepting certs.</p> <p>Sellers allowed 120 days to obtain valid certs. on audit. <i>NJAC 18:24-10.4(d)</i>.</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. <i>NJRS § 54:32B-12(b)</i>.</p> | <p>No local sales tax jurisdictions. <i>NJRS § 34:1B-204</i>.</p> <p>Website has current and historical tax rates. http://www.state.nj.us/treasury/taxation/salestax.shtml.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>NJRS § 54:32B-2(zz), -3(a)</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>LR: 2012-4-SUT (06/12)</i>.</p> <p>Tax liability relief for sellers and purchasers relying on DOT guidance related to SSUTA. <i>NJRS § 54:32B-14(g)</i>.</p> | <p>Sellers owing \$30,000 or more in the prior year must make monthly advance payments. <i>NJAC 18:24-11.2(a)-(c); NJRS § 54:32B-17(b)</i>.</p> <p>Credit limited to use tax. <i>NJRS § 54:32B-11(6)</i>. Does not provide credit for other states’ local taxes. <i>NJRS § 54:32B-11(6)</i>.</p> <p>State accelerates certain lease payments. No credit against other states’ tax on accel. lease payments. <i>NJRS § 54:32B-7(c)</i>.</p> <p>Bad debt deduction provision does not apply to private-label credit cards. <i>NJRS § 54:32B-12.1</i>.</p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. <i>NJRS § 54:32B-20(a)</i>.</p> <p>False claims act excludes tax claims. <i>NJRS § 2A:32C-2</i>. 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. <i>Avallone v. Sears Holding Corp.</i>, 000004-2010, 2013 WL 1501450 (N.J. Tax Apr. 1, 2013).</p> <p>No current contingent fee or private-contract auditing.</p> | |

NEW MEXICO

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|---|---|---|--|--------------|
| <p>B2B sales tax: 60%.</p> <p>Mfg. equip. taxable for machinery used in mfg., processing, or fabricating.</p> <p>Mfg. inputs exemption limited to ingredients or component parts of manufactured products as well as some consumables. <i>NMS § 7-9-46.</i></p> <p>Wired and wireless equip.: taxable. Services are taxed at consumer level. <i>NMAC 3.2.1.18.</i></p> <p>Cable equip.: taxable. Services are taxed at consumer level. <i>NMAC 3.2.1.18(A).</i></p> <p>Electric and gas equip.: taxable. <i>NMS § 7-9-46(F)(2).</i> Electricity and gas are taxed at the consumer level. <i>NMS § 7-9-3.5.</i></p> | <p>“Good faith” req. imposed when accepting certs. <i>NMS § 7-9-43(B); NMAC 3.2.201.14</i>; sellers allowed only 60 days to obtain valid certs. on audit. <i>NMS § 7-9-43(A).</i></p> <p>MTC and SSUTA exemption certs. may be used in limited circumstances. <i>NMAC 3.2.201.13, 3.2.201.19.</i></p> <p>Buyers must put the seller's gross receipts tax registration number on the cert.</p> <p>No vendor comp.</p> <p>Does not issue direct pay permits. Limited ability to enter into agreements. <i>NMS § 7-1-21.1.</i></p> | <p>267 local sales tax jurisdictions (ratio of 7,712).</p> <p>Central admin. of the local taxes. <i>NMS §§ 7-1-2, 7-19D-8.</i> Locals uses the same tax base as the state. <i>NMS §§ 7-19D-4(A), 7-20C-4.</i></p> <p>Website has current and historical tax rates but does not have a boundary database. http://www.tax.new-mexico.gov/Business-es/tax-tables.aspx.</p> | <p>Not a full SSUTA member.</p> <p>Tax imposed on digital products. <i>NMS § 7-9-3.5(A)(1).</i></p> <p>Tax imposed w/out clear statutory authority on a person merely accessing pre-written computer software.</p> <p>No tax liability relief for sellers and purchasers relying on TRD guidance, w/ limited penalty relief. <i>NMS. § 7-1-69, NMAC 3.1.11.11(A).</i></p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>NMS §§ 7-9-79.1, 7-9-79(A).</i> Full credit for other states' state and local taxes. <i>NMAC 3.2.301.8; NMS § 7-5-1, Art. V.</i></p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>NMS § 7-9-67.</i></p> | <p>Limited written process allowing purchasers to obtain use tax refunds from the state w/out going through the seller. <i>NMS § 7-1-26.</i></p> <p>False claims act excludes tax claims. <i>NMS § 44-9-3(E).</i></p> <p>Class action suits not allowed unless administrative remedies exhausted.</p> <p>No current contingent fee or private-contract auditing.</p> | |

NEW YORK

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|---|--|--|--------------|
| <p>B2B sales tax: 42%.</p> <p>Mfg. equip. exemption covers M&E directly and predominately used or consumed in the production of TPP, gas, electricity, refrigeration, or steam for sale. <i>NYTL § 1115(a)(12)</i>.</p> <p>Mfg. inputs exemption limited to materials sold as a physical component part. <i>NYTL § 1101(b)(4)</i>.</p> <p>Wired and wireless equip.: exempt. <i>NYTL § 1115(a)(12-a)</i>. Both services are taxed on consumer level. <i>NYTL §§ 186-e, 1105(b)(1)-(3)</i>.</p> <p>Cable equip.: partially taxable (limited to equip. used in programming and transmission). <i>NYTL §§ 1115(a)(38), (39); TSB-M-80(6)S</i>. Services are not taxed at consumer level. <i>NYTL §§ 1105(c)(9)(i), (ii); 186-e 2(b)(2); TSB-M-80(6)S</i>.</p> <p>Electric and gas equip.: exempt. <i>NYTL §§ 1115(a)(12), (c)(1), (c)(2)</i>. Electricity and gas sold to consumers are taxed, w/ exemptions. <i>NYTL § 1105(b)(1)</i>.</p> | <p>“Good faith” req. imposed when accepting certs. <i>20 NYCRR 532.4(b)(2)</i>; No rule allowing seller 120 days to obtain valid certs. on audit. <i>20 NYCRR 532.4(b)(2)</i>.</p> <p>MTC and SSUTA exemption certs. may not be used. <i>NYTL § 1132(c); TB-ST-240 (3/10)</i>.</p> <p>Sellers not required to verify exemption account numbers. <i>NYCRR 532.4(b)</i>.</p> <p>Limited vendor comp.: 5% of taxes due (capped at \$200 per reporting period). Sellers filing monthly returns or subject to PrompTax are not eligible for the credit. <i>NYTL § 1137(f); TB-ST-925 (11/10)</i>.</p> <p>NY has a broad-based direct pay provision. <i>NYTL § 1132(c)(2)</i>.</p> | <p>85 local sales tax jurisdictions (ratio of 227,978).</p> <p>Central admin. of the local taxes. <i>NYS Office of the State Comptroller; “Local Government Sales Taxes in New York State: 2015 Update,” Mar. 2015</i>. Some locals do not use the same tax base as the state. <i>Id.</i>; <i>Pub. 750 (11/15) pg. 20</i>.</p> <p>Website has current tax rates and historical tax rates but does not have a boundary database. <i>https://www.tax.ny.gov/pubs_and_bulls/publications/sales/rates_by_local_jurisdiction.btm</i>.</p> | <p>Not a SSUTA member.</p> <p>No tax imposed on digital products. <i>TSB-M-11(5)S (4/11)</i>.</p> <p>Tax imposed w/out clear statutory authority on a person merely accessing pre-written computer software based on constructive possession of TPP. <i>TB-ST-128 (8/14) pg. 2</i>.</p> <p>No tax liability relief for sellers and purchasers relying on DOTF guidance.</p> | <p>Sellers owing more than \$500,000 per year must make advance payments. <i>NYTL § 10(b)-(c)</i>.</p> <p>Credit limited to use tax. <i>NYTL § 1118(7)(a); TB-ST-765 (Oct. 9, 2013)</i>. Full credit for other states’ state and local taxes. <i>NYTL § 1118(7)</i>.</p> <p>State accelerates certain lease payments.</p> <p>Limited credit on accel. lease payments. <i>TSB-A-15(50)S</i>.</p> <p>Bad debt deduction provision does not apply to private-label credit cards. Repealed 7/1/10.</p> | <p>Purchasers can obtain refunds from the state w/out going through the seller. <i>TB-ST-350 (6/14)</i>.</p> <p>Allows tax false claims actions. <i>N.Y.E.L. § 187 et. seq.; See e.g., People Schneiderman v. Sprint Nextel Corp.</i>, 26 N.Y.3d 98 (2015).</p> <p>Class action lawsuits allowed for taxes. <i>Esteller v. Dunkin Brands, Inc.</i>, 2016 WL 3086073 (S.D.N.Y.).</p> <p>No current contingent fee or private-contract auditing.</p> | |

NORTH CAROLINA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|--|--|---|--------------|
| <p>B2B sales tax: 41%.</p> <p>Eff. 7/1/18, mfg. equip. exempt for machinery parts, and accessories used in the production process (prior to 7/1/18 a 1% tax, \$80 cap per article, applied). <i>NCGS § 105-187.51, N.C.G.S. § 105-164.13.</i></p> <p>Mfg. inputs exemption limited to sales of TPP that enter into or become an ingredient or component part of TPP that is manufactured. <i>NCGS § 105-164.13(8).</i></p> <p>Wired and wireless equip.: exempt. <i>NCGS § 105-164.13(5b).</i> Both services taxed at consumer level. <i>NCGS § 105-164.4C.</i></p> <p>Cable equip.: exempt. <i>NCGS § 105-164.13(5d).</i> Services are taxed at consumer level. <i>NCGS § 105-164.4(a)(6).</i></p> <p>Electric and gas equip.: taxable, only mfg. is exempt. <i>NCGS §§ 105-164.13(8), (8a).</i> Electricity and gas sold to consumers are taxed, w/some exemptions. <i>NCGS § 105-164.4(a)(9).</i></p> | <p>No “good faith” req. imposed when accepting certs. <i>NCGS § 105-164.28(a);</i> sellers allowed 120 days to obtain valid certs. on audit <i>NCGS § 105-164.28(b).</i></p> <p>MTC and SSUTA exemption certs. may be used.</p> <p>Sellers not required to verify exemption account numbers. <i>NCGS § 105-164.28(b).</i></p> <p>No vendor comp.</p> <p>Direct pay limited to applicants with at least \$5M in annual TPP purchases. <i>NCGS § 105-164.27A(a).</i></p> | <p>104 local sales tax jurisdictions (ratio of 91,687).</p> <p>Central admin. of the local taxes. <i>NCGS §§ 105-469(a).</i> Locals use the same tax base as the state. <i>NCGS §§ 105-467.</i></p> <p>Website has current and historical tax rates, and a boundary database. https://www.ncdor.gov/taxes/sales-and-use-tax/sales-and-use-tax-rates-other-information.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on a list of digital products delivered or accessed electronically that would be taxable if sold in a tangible medium. <i>NCGS § 105-164.4(a)(6b).</i></p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Important Notice: Computer Software (2/10).</i></p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>NCGS §§ 105-164.42L, -264.</i></p> | <p>Sellers owing \$20,000 or more per month must make advance payments w/prior month’s return. <i>NCGS § 105-164.4(16)(b2).</i></p> <p>Credit limited to use tax. <i>NCGS § 105-164.6(c).</i> However, 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. <i>NCGS § 105-164.6(c).</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>NCGS § 105-164.13(15); North Carolina Directive No. SD-03-2, 10/11/2010.</i></p> | <p>State has limited written process allowing purchasers to obtain refunds from the state w/out going through the seller (e.g., certain cancelled service contracts). <i>NCGS § 105-164.11A(b)(2); Sales and Use Tax Technical Bulletin 34-21(A).</i></p> <p>False claims act excludes tax claims. <i>NCGS § 1-607(c).</i></p> <p>Some class action suits allowed. <i>NCGS § 105-241.18.</i></p> <p>Contingent fee and private-contract auditing prohibited. <i>NCGS § 105-243.1(a1).</i></p> | |

NORTH DAKOTA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|--|--|--|---|--|
| <p>B2B sales tax: 48%.</p> <p>Mfg. equip. exemption covers M&E used directly in mfg. of TPP for wholesale, retail, or lease, and must be used in a new mfg. plant or in a physical or economic expansion of an existing mfg. plant. <i>NDCC § 57-39.2-04.2-01(21); NDAC § 81-04.1-01-23.</i></p> <p>Mfg. inputs exemption limited to inputs that enter or become ingredients or components of TPP. <i>NDCC §§ 57-39.2-04(21), (27).</i></p> <p>Wired and wireless equip.: partially taxable. <i>NDCC § 57-39.2-04.3(3).</i> Both services taxed at consumer level. <i>NDCC §§ 57-39.2-04.3(3); 57-39.2-01(17).</i></p> <p>Cable equip.: taxable. <i>NDAC §§ 81-04.1-04-41.1, 81-04.1-01-23.</i> Services are taxed at consumer level. <i>Id.</i></p> <p>Electric and gas equip.: taxable. <i>NDCC § 57-39.2-04.3(e).</i> Electricity and gas sold to consumers are not taxed. <i>NDCC §§ 57-39.2-04(27), (49), (53).</i></p> | <p>No “good faith” req. imposed when accepting certs. <i>NDCC § 57-39.2-19;</i> sellers allowed 120 days to obtain valid certs. on audit.</p> <p>SSUTA 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). <i>NDCC § 57-39.2-12.1(1).</i></p> <p>Direct pay allowed to applicants making sufficient purchases to justify the expense of tax department audits. <i>NDAC § 81-04.1-01-05.</i></p> | <p>147 local sales tax jurisdictions (ratio of 4,575).</p> <p>Central admin. of the local taxes. <i>NDCC §§ 11-09.1-05(2)(d), 40-05.1-06(16)(d), 57-01-02.1(1).</i> Locals use the same tax base as the state. <i>NDCC §§ 11-09.1-05(2)(a), 40-05.1-06(16)(a).</i></p> <p>Website has current tax rates and a boundary database but does not have not historical tax rates. https://www.nd.gov/tax/user/businesses/formspublications/sales-use-tax.</p> | <p>Full SSUTA member.</p> <p>No tax imposed on digital products.</p> <p>No tax imposed on a person merely accessing pre-written computer software.</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>NDCC §§ 57-39.2-31, .4-07.</i></p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>NDCC § 57-40.2-11.</i> Full credit for other state and local taxes. <i>NDCC § 57-40.2-11.</i></p> <p>State accelerates certain lease payments. Credit against other states’ tax on accel. lease payments. <i>NDCC § 57-40.2-11.</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>NDCC § 57-39.2-05.</i></p> | <p>State has limited written process allowing purchasers to obtain refunds from the state on local taxes w/out going through the seller.</p> <p>False claims act excludes tax claims.</p> <p>No known use of class action suits.</p> <p>No current contingent fee or private-contract auditing.</p> | <p>Address info, but not SSNs, are required on returns. <i>Form ST - Sales, Use, and Gross Receipts Tax (07/16).</i></p> |

OHIO

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|--|--|--|---|--|
| <p>B2B sales tax: 41%.</p> <p>Mfg. equip. exemption limited to M&E primarily used in mfg. <i>ORC §§ 5739.02(B)(42)(g), .011.</i></p> <p>Mfg. inputs exemption limited to materials primarily used in mfg., and materials used to manufacture mfg. equip. and to test raw materials. <i>ORC §§ 5739.011(B), (D).</i></p> <p>Wired and wireless equip.: exempt. <i>ORC § 5739.02(B)(34).</i> Services taxed at consumer level. <i>ORC § 5739.01.</i></p> <p>Cable equip.: exempt. <i>ORC § 5739.02(B)(53).</i> Services are not taxed at consumer level. <i>ORC § 5739.01(B)(3)(p).</i></p> <p>Electric and gas equip.: exempt. <i>ORC § 5739.02(B)(42)(a).</i> Electricity and gas sold to consumers is subject to utility or sales taxes. <i>ORC § 5739.02(B)(7).</i></p> | <p>No “good faith” req. imposed when accepting certs. <i>ORC § 5739.03(B)(4)</i>; sellers allowed 120 days on to obtain valid certs. on audit. <i>ORC § 5739.03(B).</i></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. <i>ORC § 5739.12(B)(1).</i></p> <p>OH has a broad-based direct pay provision. <i>ORC § 5739.031.</i></p> | <p>99 local tax jurisdictions (population ratio of 116,530).</p> <p>Central admin. of the local taxes. <i>ORC §§ 5739.05(A), 5741.06.</i> Locals use the same tax base as the state. <i>ORC §§ 5739.021(A), .026(A); 5741.021(A)(2), .023(A)(2).</i></p> <p>Website has current and historical tax rates, and a boundary database. <i>http://www.tax.ohio.gov/sales_and_use/rate_changes.aspx.</i></p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>ORC § 5739.01(B)(12).</i></p> <p>Tax imposed on a business merely accessing pre-written computer software. <i>ORC § 5739.01(B)(3)(e); OAC 5703-9-46(B)(1), (2).</i></p> <p>Tax liability relief for sellers and purchasers relying on DOT guidance. <i>OAC 5703-9-51.</i></p> | <p>Sellers > \$75K per year must make monthly advance payments w/ prior month's return. <i>ORC § 5739.122.</i></p> <p>Credit limited to use tax. <i>ORC § 5741.02(C)(5).</i> Full credit for other states' state and local taxes. <i>Id.</i></p> <p>State accelerates certain lease payments. Credit against other states' tax on accel. lease payments. <i>ORC § 5741.02(C)(5).</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>Chrysler Fin. Co., L.L.C. v. Wilkins</i>, 812 N.E.2d 948 (Ohio 2004).</p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. <i>ORC § 5739.07.</i></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>No current contingent fee or private-contract auditing.</p> | <p>Ohio has onerous tax on employment services. <i>ORC §§ 5739.01(B)(3).</i></p> |

OKLAHOMA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|--|---|---|--------------|
| <p>B2B sales tax: 47%.</p> <p>Mfg. equip. exemption covers the sales of goods, wares, merchandise, TPP, M&E to a mfg. for use in a mfg. 68 OS § 1359(1). This exemption covers the entire mfg. operation: beginning at the point where the materials enter the mfg. site and ending at the point where a finished product leaves the mfg. site. 68 OS § 1352(15).</p> <p>Mfg. inputs exemption applies to all TPP for use in mfg. operation. 68 OS § 1359(1).</p> <p>Wired and wireless equip.: taxable. Services are taxed at consumer level. 68 OS § 1354(A)(4).</p> <p>Cable equip.: exempt. 68 OS §§ 1359(8), (9). Services are generally not taxed at consumer level. 68 OS § 1354.</p> <p>Electric and gas equip.: exempt. 68 OS §§ 1359(1), 1352(24). Electricity and gas sold to consumers are taxed, but there is an exemption for residential use. 68 OS §§ 1354(A)(2), 1357(8).</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. as of July 1, 2017.</p> <p>Direct pay allowed to persons who purchase \$800,000 or more annually in taxable items. 68 OS § 1364.1(B).</p> | <p>629 local sales tax jurisdictions (ratio of 5,964).</p> <p>Central admin. of the local taxes. 68 OS § 281. Some locals, e.g., electric and gas, do not have the same tax base as the state. 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>Full SSUTA member.</p> <p>No tax imposed on digital products. 68 OS § 1354(A)(4)(a)(9).</p> <p>No tax imposed on a person merely accessing pre-written computer software. 68 OS § 1357(32); L.R. LR-09-107 (10/11).</p> <p>Tax liability relief for sellers and purchasers relying on OTC guidance. 68 OS § 1354.32, OAC 710:65-7-16.</p> | <p>Sellers owing \$30,000 or more per year must make advance payments. 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).</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 deduction provision does not apply to private-label credit cards. 68 OS § 1366(A).</p> | <p>Purchasers can obtain refunds directly from the state w/out going through the seller. 68 OS § 1354.26(A).</p> <p>False claims act does not apply to taxes. 68 OS § 282.</p> <p>Class action suits not allowed. 68 OS § 282.</p> <p>Contingent fee auditing is specifically prohibited. 68 OS § 262. Eff. 11/1/17, OTC may use private-contract auditing.</p> | |

OREGON – Not Applicable

PENNSYLVANIA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|---|--|--|--|---|
| <p>B2B sales tax: 42%.</p> <p>Mfg. equip. exemption limited to TPP (includes E&M) predominantly used directly in mfg. or processing. 72 PS §§ 7201(k) (8)(A), (D); 61 PC § 32.32(a).</p> <p>Mfg. inputs exemption limited to supplies predominately used directly in mfg. 72 PS § 7201(k).</p> <p>Wired equip: exempt. Wireless equip.: partially taxable. 72 PS §§ 7201(d)(17), (k) (8)(C); 61 PC § 60.20(b). Both services are taxed at consumer level, w/residential use exemption. 72 PS §§ 7201(m)(1), (rr); 61 PC § 60.20.</p> <p>Cable equip.: exempt. 72 PS §§ 7201(d) (12), (m). Only premium cable services are taxed on consumer level. 72 PS §§ 7201(m)(1), (ll).</p> <p>Electric and gas equip.: partially taxable (only exempts the use of this equip. to manufacture TPP). 72 PS §§ 7201(k) (8)(A), (m). Both services are taxed at consumer level, w/ exemption for residential and mfg. use. 72 PS §§ 7201(m), 7204(5); 61 PC § 31.1.</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 certs. 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 per 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>2 local sales tax jurisdictions (ratio of 6,351,190).</p> <p>Central admin. of the local taxes. 53 PS §§ 12720.501, .506(2).</p> <p>Locals use the same tax base as the state. 53 PS § 12720.503; 16 PS §§ 6152-B(a), (b).</p> <p>Website has current and historical tax rates but does not have not a boundary database. http://www.revenue.pa.gov/GeneralTaxInformation/News%20and%20Statistics/Pages/Reports%20and%20Statistics/Tax-Compendium.aspx.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed on digital products under the definition of TPP. 72 PS § 7201(m)(2); 61 PC § 60.19.</p> <p>Tax imposed on a person merely accessing pre-written computer software. 72 PS § 7201(k)(1); 61 PC § 60.19.</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.</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). 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 deduction applies to private-label credit cards. 72 PS §§ 7247.1(a.1)-(a.3).</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>Class action suits not allowed. <i>Stranaban v. Cnty of Mercer</i>, 697 A.2d 1049 (Pa. Cmmw. 1997).</p> <p>Contingent fee auditing is prohibited. 72 PS § 209(b). No current private-contract auditing.</p> | <p>Home addresses are required on returns. PA-100 (3/09).</p> |

RHODE ISLAND

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|--|---|--|---|--------------|
| <p>B2B sales tax: 36%.</p> <p>Mfg. equip. exemption limited to TPP (includes M&E) used in an industrial plant in connection with actual manufacture of TPP. <i>RIGL § 44-18-30(22)(i)</i>.</p> <p>Mfg. inputs exemption limited to ingredients, components, or integral parts. <i>RIGL § 44-18-30(7)</i>.</p> <p>Wired and wireless equip.: taxable. <i>RIGL § 44-18-30(45)</i>. Services taxed at consumer level. <i>RIGL § 44-18-7(9), -12.1</i>.</p> <p>Cable equip.: taxable. Services are taxed at consumer level. <i>RIGL § 44-18-7(10)</i>.</p> <p>Electric and gas equip.: exempt. <i>RIGL § 44-18-30(7)</i>. Electricity and gas sold to consumers are not taxed. <i>RIGL § 44-18-30</i>.</p> | <p>No “good faith” req. imposed when accepting certs. <i>RIGL § 44-18.1-18(C)(1)</i>; sellers allowed 120 days to obtain valid certs. on audit. <i>RIGL § 44-18.1-18(C)(1)</i>.</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. <i>RIGL § 44-18-19.1(a)</i>.</p> | <p>No local sales tax jurisdictions.</p> <p>Website has current tax rates but does not have historical tax (no rate change w/past 5 years). http://www.tax.ri.gov/help/faq.php.</p> | <p>Full SSUTA member.</p> <p>No tax imposed on digital products. <i>Rhode Island State Taxability Matrix version 2015.1</i>.</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>RICR § SU 11-25 Rule 7(3)</i>.</p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>RIGL § 44-18.1-7</i>.</p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>RIGL § 44-18-30.A</i>. Does not provide a full credit for other states’ local taxes. <i>RIGL § 44-18-30.A</i>.</p> <p>No accel. lease payments. No credit against other states’ tax on accel. lease payments.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>RICR SU 87-6; RIGL § 44-18.1-21</i>.</p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. http://www.tax.ri.gov/forms/2011/Excise/SalesUse/Claim%20for%20Refund%20-%20Sales%20or%20Use%20Tax%202011.pdf.</p> <p>False claims act excludes tax claims.</p> <p>Class action suits allowed. <i>Long v. Dell, Inc.</i>, 984 A.2d 1074 (R.I. 2009).</p> <p>No current private-contract auditing. <i>RIGL § 44-1-36</i>.</p> | |

SOUTH CAROLINA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|---|--|---|---|--------------|
| <p>B2B sales tax: 37%.</p> <p>Mfg. equip. exemption limited to machines used in mfg., processing, agricultural packaging, recycling, compounding, mining, or quarrying TPP for sale. <i>SCC § 12-36-2120(17)</i>. Machines must be integral and necessary to the mfg. process. <i>SCR 117-302.5</i>.</p> <p>Mfg. inputs exemption limited to TPP that is an ingredient or component of TPP manufactured for sale. <i>SCC §§ 12-36-90(1)(c)(ii), -110(1)(c)(ii)</i>; <i>SCR 117-302.1</i>.</p> <p>Wired and wireless equip.: taxable. Services are taxed at consumer level. <i>SCC §§ 12-36-910(A), -110(1)(k)</i>; <i>SCR 117-329</i>.</p> <p>Cable equip.: exempt. <i>SCC § 12-36-2120(26)</i>. Cable services are taxed at consumer level. <i>SCC § 12-36-910(B)(3)</i>; <i>SCR 117-329.4</i>.</p> <p>Electric and gas equip.: exempt. <i>SCC §§ 12-36-910(A), (B)(2)</i>. Services taxed at consumer level, w/exemptions for residential use. <i>SCC §§ 12-36-2120(19), (33), (43), (50), (66), (79)</i>; <i>SCC § 12-36-70(1)(e)</i>; <i>SCR 117-309.12</i>.</p> | <p>No “good faith” req. imposed when accepting certs. <i>SCC § 12-36-2510</i>; no rule allowing sellers at least 120 days to obtain valid certs. on audit. <i>SCC § 12-36-2510(B)</i>.</p> <p>MTC exemption certs. may be used for sales for resales, but not for retail exemptions.</p> <p>Sellers not required to capture exemption account numbers pursuant to statute.</p> <p>Vendor comp.: 2%-3% (capped of \$3k or \$10k per year), <i>SCC § 12-36-2610</i>.</p> <p>SC has a broad-based direct pay provision. <i>SCC § 12-36-2510</i>.</p> | <p>245 local sales tax jurisdictions (population ratio of 18,879).</p> <p>Central admin. of the local taxes. <i>SCC §§ 4-10-90(A), -350(A), -435(A), -580(A), -770(A), -940(B)</i>.</p> <p>Locals not required to use the same tax base as the state. <i>SC Information Letter #16-14</i>.</p> <p>Website has current tax rates but does not have historical rates or a boundary database. https://dor.sc.gov/tax-index/sales-and-use/Sales%20Notices/ST439_04102015.pdf.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed w/out clear statutory authority on certain digital products via tax on communications services. <i>SCR 117-329</i>. See also <i>SC Rev. Rul. 03-5</i>; <i>SC Rev. Rul. 12-1</i>.</p> <p>Tax imposed w/out clear statutory authority on certain persons merely accessing pre-written computer software via tax on communication services. <i>SC P.L.R. 12-2</i>; <i>SCC § 12-36-910(B)(3)</i>; <i>SCR 117-329.4k</i>.</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. <i>SCC § 12-36-1310(C)</i>. Full credit for other states’ state and local taxes. <i>SC Rev. Rul. 06-4, 05-19-2006</i>.</p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments. <i>SC Rev. Rul. 06-4, 05-19-2006</i>.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>SCC §§ 12-36-90(2)(b), -130</i>.</p> | <p>Purchaser can obtain seller’s assignment of refund claim to apply directly to DOR for refund. <i>Form ST-14 (8/10)</i>.</p> <p>False claims act excludes tax claims.</p> <p>Class action suits not allowed. <i>SCC § 12-60-80(C)</i>.</p> <p>No current contingent fee or private-contract auditing.</p> | |

SOUTH DAKOTA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|--|--|---|--|--------------|
| <p>B2B sales tax: 59%.</p> <p>No mfg. equip. exemption for M&E used in mfg. <i>ARSD 64:06:03:23; 64:06:03:24.</i></p> <p>Mfg. inputs exemption limited to TPP that becomes an integral part of other TPP sold at retail. <i>SDCL 10-46-9; ARSD 64:06:03:25.</i></p> <p>Wired and wireless equip.: taxable. Services are taxed at consumer level. <i>SDCL 10-45-6.1, -6.2.</i></p> <p>Cable equip.: taxable. Services are not taxed at consumer level. <i>SDCL 10-45-4, -4.1, -5, -5.2.</i></p> <p>Electric and gas equip.: taxable. Services taxed at consumer level. <i>SDCL 10-45-2, -6; ARSD 64:06:03:13.</i></p> | <p>No “good faith” req. imposed when accepting certs. <i>SDCL 10-45-6.1; ARSD 64:06:01:15</i>; sellers allowed 120 days to obtain valid certs. on audit. <i>SDCL 10-45-61.1.</i></p> <p>MTC and SSUTA exemption certs. may be used. <i>ARSD 64:06:01:08.01.</i></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). <i>SDCL 10-45-27.2.</i></p> <p>Direct pay limited to retailers with at least \$3 million in annual purchases. <i>SDCL 10-46-67; ARSD 64:01:01:33, 64:01:01:34.</i></p> | <p>269 local tax jurisdictions (ratio of 3,027).</p> <p>Central admin. of the local taxes. <i>SDCL 10-52-4, -52A-3.</i> Locals use the same tax base as the state. <i>SDCL 10-52-2.</i></p> <p>Website has current and historical tax rates, and a boundary database. http://dor.sd.gov/Taxes/Business_Taxes/Newsroom/Tax_Rates/.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>SDCL 10-45-2, -2.4.</i></p> <p>Tax imposed on a person merely accessing pre-written computer software. <i>SDCL 10-45-1(14), -2.</i></p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>SDCL 10-59-27.</i></p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>SDCL 10-46-6.1, -34.1.</i> Full credit for other states’ state, local and similar taxes. <i>Id.</i></p> <p>State accelerates certain lease payments. Credits other states’ tax on accel. lease payments. <i>SDCL 10-46-6.1, -34.1.</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>SDCL 10-45-30.</i></p> | <p>Purchasers required to obtain refunds only from the seller. <i>SDCL 10-59-24.1, -24.2.</i></p> <p>No false claims act.</p> <p>Class action suits not allowed. <i>Lick v. Dabl</i>, 285 N.W. 2d 594 (S.D. 1979).</p> <p>Contingent fee auditing is prohibited. No current private-contract auditing.</p> | |

TENNESSEE

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|---|---|--|--------------|
| <p>B2B sales tax: 40%.</p> <p>Mfg. equip. exemption for machinery necessary to, and primarily for, fabrication and processing of TPP for sale to others, includes pollution control facilities and R&D equip. <i>TCA § 67-6-206(a)</i>.</p> <p>Mfg. inputs exemption limited to materials that come into direct contact with manufactured products and are consumed within 25 days of processing those products. <i>TCR&R 1320-05-01-40(2)</i>.</p> <p>Wired and wireless equip.: taxable. Services are taxed at consumer level. <i>TCA § 67-6-205(c)(3)</i>.</p> <p>Cable equip.: exempt. <i>TCA § 67-6-329(a)(15)</i>. Services are taxed at consumer level when the charge is > \$15 for state sales tax and when charge is > \$27.50 for local sales tax. <i>TCA § 67-6-226, 67-6-714</i>.</p> <p>Electric and gas equip.: partially taxable. <i>TCA §§ 67-6-102(44)(D)</i>. Electricity and gas services sold to consumers are taxed. <i>TCA § 67-6-102(89)(A)</i>.</p> | <p>"Good faith" req. imposed when accepting certs. for resale. <i>TCR&R 1320-5-1-78, -68</i>. DOR allows sellers 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 comp. for out-of-state sellers. <i>TCA § 67-6-509</i>.</p> <p>No broad-based direct pay provision. https://tn.gov/assets/entities/revenue/attachments/salesanduse.pdf.</p> | <p>298 local sales tax jurisdictions (ratio of 21,296).</p> <p>Central admin. of the local taxes. <i>TCA §§ 67-6-702(a)(1), -710(a)(1)</i>. Locals use the same tax base as the state; however, there are local option caps of \$3,200 per article of TPP. <i>TCA §§ 67-6-702(a)(1), -704(a), -201</i>.</p> <p>Website has current tax rates but does not have historical tax rates or a boundary database. https://www.tn.gov/assets/entities/revenue/attachments/taxlist.pdf.</p> | <p>Associate SSUTA member.</p> <p>Tax imposed on digital products. <i>TCA § 67-6-233</i>.</p> <p>Tax imposed on a person merely accessing pre-written computer software. <i>TCA § 67-6-205</i>.</p> <p>No tax liability relief for sellers and purchasers relying on DOR guidance. <i>TCA § 67-6-533</i>.</p> | <p>No advance payments.</p> <p>Credit not limited to use tax. <i>TCA § 67-6-507(a)</i>. 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. <i>TCR&R 1320-05-01-32(2)</i>. Credits other states' tax on accel. lease payments. <i>TCA §§ 67-6-507(a), -313(f); TCR&R 1320-05-01-91(1)</i>.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>TCA § 67-6-507(d)</i>.</p> | <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller. <i>TCA §§ 67-6-501, 502</i>.</p> <p>False claims act excludes tax claims. <i>TCA § 4-18-103(f)</i>.</p> <p>Class action suits not allowed. <i>Wicker v. Commr.</i>, 342 S.W.3d 35 (Tenn. App. 2010).; <i>TCA § 67-6-538</i>.</p> <p>No current contingent fee or private-contract auditing.</p> | |

TEXAS

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|--|---|---|---|--------------|
| <p>B2B sales tax: 53%.</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. <i>TTC § 151.318(a),(b)</i>.</p> <p>Mfg. inputs exemption allowed for TPP sold and TPP used or consumed during actual mfg. and that directly makes or causes a physical or chemical change. <i>TTC §§ 151.318(a)(1), (2), 151.318(b)</i>.</p> <p>Wired and wireless equip.: partially taxable. <i>TTC § 151.3186</i>. Both services are taxed on consumer level. <i>TTC § 151.0101(a)(6); 34 TAC § 3.344(b)</i>.</p> <p>Cable equip.: partially taxable. <i>TTC § 151.3186(d)</i>. Services are taxed at consumer level. <i>TTC §§ 151.0101(a)(6), (a)(2); 34 TAC §§ 3.344(b), 3.313</i>.</p> <p>Electric and gas equip.: partially taxable. <i>TTC § 151.317</i>. Commercial services are taxed at the consumer level. <i>TTC §§ 151.0101(a)(17), 151.317</i>.</p> | <p>“Good faith” req. imposed when accepting certs. <i>TTC § 151.054(b)</i>; sellers allowed only 60 days to obtain valid certs. on audit. <i>TTC § 151.054(e)</i>.</p> <p>MTC exemption certs. may be used.</p> <p>Valid sales tax permit numbers required on resale certs.</p> <p>Vendor comp.: 0.5% of tax due on a timely return. <i>TTC § 151.423</i>. Additional 1.25% on prepayment amount. <i>TTC § 151.424</i>.</p> <p>Direct pay limited to applicants purchasing at least \$800,000 per year. <i>TTC § 151.417(b)</i>. <i>TAC § 3.288(b)(1)</i>.</p> | <p>1,653 local tax jurisdictions (ratio of 15,212).</p> <p>Central admin. of the local taxes. <i>TTC §§ 323.301</i>. Locals generally use the same tax base as the state, w/exceptions. <i>TTC §§ 321.207, 321.208, 323.207</i>.</p> <p>Website has current tax rates but does not have historical tax rates nor a boundary database. http://www.comptroller.texas.gov/taxes/file-pay/edi/sales-tax-rates.php.</p> | <p>Not a SSUTA member.</p> <p>Tax imposed on digital products via tax on information services. <i>TTC §§ 151.010, 151.009, 151.0101(a)(10)</i>.</p> <p>Tax imposed w/ out clear statutory authority on a person merely accessing pre-written computer software. <i>Texas Comptroller’s Letter No. 200805095L</i>.</p> <p>No tax liability relief for sellers and purchasers relying on TX Comptroller guidance.</p> | <p>Excluding voluntary prepayments, no advance payments.</p> <p>Credit limited to use tax. <i>TTC § 151.303(c); 34 TAC § 3.61</i>. Full credit for other states’ state and local taxes. <i>34 TAC § 3.338(b)</i>.</p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments. <i>34 TAC § 3.338(b)</i>.</p> <p>Bad debt deduction applies to private-label credit cards. <i>TTC § 151.426(a), (c)</i>.</p> | <p>No written process allowing purchasers (other than licensed sellers) to obtain. <i>34 TAC § 3.325</i>.</p> <p>False claims act does not apply to taxes.</p> <p>Class action suits not allowed. <i>Serna v. H.E. Butt Grocery Co.</i>, 21 S.W.3d 330 (Tex. App.—San Antonio 1999); <i>T.T.C. § 112.055</i>.</p> <p>No current contingent fee auditing. State uses private-contract auditing on an hourly basis.</p> | |

UTAH

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|--|--|---|--|--|--------------|
| <p>B2B sales tax: 37%.</p> <p>Mfg. equip. exemption limited to M&E used facility in the mfg. process to manufacture TPP for sale with greater than a 3-year life. <i>UAC r.865-19S-85; UC § 59-12-104(14).</i></p> <p>Mfg. inputs exemption limited to raw materials that become an ingredient or component part of a manufactured product. <i>UC § 59-12-104(25).</i></p> <p>Wired and wireless equip.: exempt. <i>UC § 59-12-104(61).</i> Both services taxed at consumer level. <i>UC § 59-12-103(1)(b).</i></p> <p>Cable equip.: partially taxable. <i>UC §§ 59-12-104(61), -102(129).</i> Services are taxed at consumer level. <i>UC §§ 59-26-103(2)(a), -104.5(1).</i></p> <p>Electric and gas equip.: taxable. Electricity and gas sold to consumers are taxed, w/ residential use taxed at a lower rate. <i>UC §§ 59-12-103(1)(c), (d).</i></p> | <p>No "good faith" req. imposed when accepting certs. <i>UAC r.865-19S-23.</i> Sellers allowed at least 120 days to obtain valid certs. on audit. <i>UC § 59-12-106(3).</i></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. <i>UC § 59-12-108(2)(c).</i></p> <p>Direct pay limited to applicants who purchase > \$1.5M per year of items for 3 years. <i>UC § 59-12-107.1.</i></p> | <p>374 local tax jurisdictions (ratio of 7,390).</p> <p>Central admin. of the local taxes. <i>UC §§ 59-12-118(1), -202, -403(4), -703(4).</i></p> <p>Locals use the same tax base as the state. <i>UC §§ 59-12-204(6), -401, -703(1)(a).</i></p> <p>Website has current and historical tax rates, and a boundary database.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>UC § 59-12-103(1)(m).</i></p> <p>Tax generally imposed on a person merely accessing pre-written computer software. <i>UC § 59-12-102(113); Utah P.L.R. No. 10-011 (2/12).</i></p> <p>Tax liability relief for sellers and purchasers relying on UTC guidance. <i>UC §§ 59-12-125, -216, -406, -707, -808, -1104, -1304, -1405.</i></p> | <p>No advance payments.</p> <p>Credit not limited to use tax. <i>UC § 59-12-104(26).</i> Full credit for other states' state and local taxes. <i>UC § 59-12-104(26).</i></p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. <i>UC § 59-12-104(26).</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>UC § 59-12-107(10)(e).</i></p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. <i>http://tax.utah.gov/sales/sales-tax-refund-request#whocan-submit.</i></p> <p>False claims act excludes tax claims. <i>UC § 26-20-1 et seq.</i></p> <p>Class action suits allowed with limitations. <i>UC § 59-1-304.; Bluth v. Utah State Tax Commn., 54 P.3d 1147 (Utah 2002).</i></p> <p>No current contingent fee or private-contract auditing.</p> | |

VERMONT

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|---|--|--|---|--------------|
| <p>B2B sales tax: 51%.</p> <p>Mfg. equip. exemption limited to M&E used or consumed, directly and exclusively, in mfg. TPP for sale or in the manufacture of other machinery or equip., parts, or supplies for use in the mfg. process. 32 VSA § 9741(14); VCR 1.9741(14)-4.</p> <p>Mfg. inputs exemption applies to TPP that becomes an ingredient or component part of, or that is consumed in mfg. TPP for sale. Sales of fuels used directly or indirectly in mfg. are also exempt. 32 VSA § 9741(14); VCR 1.9741(14)-3, 1.9741(34).</p> <p>Wired and wireless equip.: taxable. Both services are taxed at consumer level. 32 VSA §§ 9701(9)(H), (19), 9771(5), 9773; VCR 1.9771(5)-1.</p> <p>Cable equip.: taxable. Services are taxed at consumer level. 32 VSA § 9771(4); VCR 1.9771(4)-1.</p> <p>Electric and gas equip.: partially taxable. <i>Formal Ruling 12-5, n. 1(1/30/2012)</i>, 32 VSA §§ 9701(7), 9741(46). Electricity and gas generally taxed to commercial users, with mfg. and agriculture exemptions. 32 VSA §§ 9701(7), 9741(26), (27), (34), 9771(1); VCR 1.9741(26)-1, (27)-1, (34)-1.</p> | <p>No “good faith” req. imposed when accepting certs. 32 VSA § 9745(a); VCR 1.9745-1; sellers allowed 120 days to obtain valid certs. 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. <i>Form S-3 (09/13)</i>.</p> <p>No vendor comp.</p> <p>Direct pay permits provided at the Commissioner’s discretion. 32 VSA § 9745(b); VCR 1.9745.2(B).</p> | <p>33 local jurisdictions (ratio of 18,962). 24 VSA § 138(a), (b).</p> <p>Central admin. of the local taxes. 24 VSA § 138(c). Locals use the same tax base as the state. <i>Id.</i></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-use-tax.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on “specified digital products.” 32 VSA §§ 9701(46), 9771(8).</p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Act 51, 2015 Vt. S. 138, § 6.8 (eff. 7/1/2015); Vermont Department of Taxes, Fact Sheet FS-1084 (08/2015); 32 VSA § 9701(19)(I).</i></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. 32 VSA § 9744(a)(3). Full credit for other states’ state and local taxes. 32 VSA § 9744(a)(3).</p> <p>State accelerates certain lease payments. Credits other states’ tax on accel. lease payments. 32 VSA § 9744(a)(3); <i>Formal Ruling 00-01 (1/5/2000)</i>.</p> <p>Bad debt deduction does not apply to private-label credit cards 32 VSA § 9780; VCR 1.9780(C).</p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. 32 VSA § 9781, VT <i>Form 620</i>.</p> <p>False claims act excludes tax claims. 32 VSA § 631(d).</p> <p>Class action suits not allowed.</p> <p>No current contingent fee or private-contract auditing.</p> | |

VIRGINIA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|---|--|--|---|---|--------------|
| <p>B2B sales tax: 40%.</p> <p>Mfg. equip. exemption limited to TPP (includes machinery) used directly in mfg. <i>VC § 58.1-609.3(2)(iii); 23 VAC 10-210-920(A)(3).</i></p> <p>Mfg. inputs exemption allowed for TPP (includes fuel) that is used or consumed in mfg. <i>VC §§ 58.1-609.3(2)(i), (ii); 23 VAC 10-210-920(A)(1), (2).</i></p> <p>Wired and wireless equip.: taxable. Both services taxed at consumer level. <i>VC § 58.1-648(A).</i></p> <p>Cable equip.: exempt. <i>VC § 58.1-609.6(2).</i> Services are taxed at consumer level. <i>VC § 58.1-648(A).</i></p> <p>Electric and gas equip.: taxable. <i>VC § 58.1-609.3(2)(v).</i> Electricity and gas sold to consumers are taxed. <i>VC § 58.1-609.1(3); 23 VAC 10-210-660.</i></p> | <p>“Good faith” req. imposed when accepting certs. <i>VC § 58.1-623(A); 23 VAC 10-210-280(A), (B);</i> no rule on allowing sellers at least 120 days to obtain valid certs. on audit. <i>Field Audit Guidelines: Certs. of Exemption, pg. 4.</i></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.: Very limited vendor comp. which does not apply to sellers w/> \$240,000 in yearly liability.</p> <p>Direct pay limited to mfg., mine operators and public service corporations. <i>VC § 58.1-624(A).</i></p> | <p>163 local tax jurisdictions (ratio of 49,086).</p> <p>Central admin. of the local taxes. <i>VC § 58.1-603.1.</i> Locals use the same tax base as the state, except food for home consumption is not subject to local taxes. <i>VC § 58.1-605(B), -606(D).</i></p> <p>Website has current tax rates but does not have historical tax rates or a boundary database. <i>http://www.tax.virginia.gov/content/sales-and-use-tax.</i></p> | <p>Not a SSUTA member.</p> <p>No tax imposed on digital products. <i>VC § 58.1-609.5(1), -648(C) (viii).</i></p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Virginia Ruling of the Commissioner PD 13-236 (12/13).</i></p> <p>Tax liability relief for sellers and purchasers relying on written VDT guidance.</p> | <p>Sellers with \$2.5M or more in yearly sales must make a June advance payment. <i>VC § 58.1-615.</i></p> <p>Credit limited to use tax. <i>VC § 58.1-611.</i> Full credit for other states’ state and local taxes.</p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments. <i>23 VAC 10-210-840; VC § 58.1-611.</i></p> <p>Bad debt deduction does not apply to private-label credit cards. <i>VC § 58.1-621.</i></p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. <i>Retail Sales and Use Refund Procedures Guidelines (7/17).</i></p> <p>False claims act excludes tax claims. <i>VC § 8.01-216.3(D).</i></p> <p>Class action suits not allowed.</p> <p>Contingent fee and private-contract auditing prohibited. <i>See Clinchfield Coal Co. v. Robbins, 541 S.E.2d 289 (Va. 2001).</i></p> | |

WASHINGTON

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|---|---|--|---|---|--------------|
| <p>B2B sales tax: 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. <i>RCW 82.08.02565(1)</i>.</p> <p>Mfg. inputs exemption limited to property that becomes an ingredient, component, or chemical used in processing. Chemicals must directly contact ingredients. <i>RCW 82.04.050(1)(a)(iii)</i>; <i>WAC 458-20-113</i>.</p> <p>Wired and wireless equip.: taxable w/ certain exemptions. <i>RCW 82.08.986</i>. Both services taxed at consumer level. <i>RCW 82.04.050(5)</i>.</p> <p>Cable equip.: generally taxable w/ certain exemptions. <i>RCW 82.08.986</i>. Certain cable services are taxed at consumer level. <i>RCW 82.04.280(1)(f)</i>, <i>82.04.290</i>, <i>82.04.257</i>, <i>82.04.192(11)</i>, <i>82.08.010(10)</i>, <i>82.08.02081</i>.</p> <p>Electric and gas equip.: generally taxable, w/ exemptions. <i>RCW 82.08.962</i>, <i>82.08.963</i>. Electricity and gas sold to consumers are not taxed. <i>RCW 82.08.950</i>, <i>82.08.026</i>, <i>82.08.0252</i>.</p> | <p>No "good faith" req. imposed when accepting certs. <i>RCW 82.08.050(7)(b)</i>; sellers allowed 120 days to obtain valid certs. on audit. <i>RCW 82.08.050(7)(b)</i>.</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. <i>RCW 82.32.087(2)(a)</i>.</p> | <p>375 local tax jurisdictions (ratio of 17,932).</p> <p>Central admin. of the local taxes. <i>RCW 82.14.050(1)</i>, <i>82.14.050(2)</i>. Locals use the same tax base as the state. <i>RCW 82.14.070</i>.</p> <p>Website has current and historical tax rates, and a boundary database. http://dor.wa.gov/content/aboutus/statisticsandreports/tid/statisticsreports.aspx?query=bistorical.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>RCW 82.04.050(8)(a)</i>; <i>82.04.192</i>; <i>82.08.020</i>.</p> <p>Tax generally imposed on a person merely accessing pre-written computer software. <i>RCW 82.04.050(6)(c)(i)</i>.</p> <p>No general tax liability relief. <i>Avnet, Inc. v. Dep't of Revenue</i>, 348 P.3d 1273 (Wash. Ct. App. 2015).</p> | <p>No advance payments. <i>RCW 82.32.045(1)</i>.</p> <p>Credit limited to use tax. <i>RCW 82.12.035</i>. Full credit for other states' state and local taxes. <i>RCW 82.12.035</i>.</p> <p>No accel. lease payments. No credit against other states' tax on accel. lease payments. <i>RCW 82.12.035</i>.</p> <p>DOR position is no bad debt deduction applies to private-label credit cards, currently being litigated. <i>Lowes v. DOR</i>, pending in Court of Appeals, <i>WAC 458-20-196(6)</i>.</p> | <p>A purchaser who has not received a refund from the seller may follow the procedure set forth in <i>WAC 458-20-229(4)(b)</i> to obtain a refund from DOR under certain circumstances.</p> <p>False claims act does not apply to taxes.</p> <p>Class action suits may be allowed. <i>RCW 82.32.525</i>.</p> <p>No current contingent fee or private-contract auditing.</p> | |

WEST VIRGINIA

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|---|--|---|--|--|--------------|
| <p>B2B sales tax: 44%.</p> <p>Mfg. equip. exemption limited to sales of TPP or services directly used or consumed in mfg. <i>WVC § 11-15-9(b)(2)</i>.</p> <p>Mfg. inputs exemption covers sales of TPP or services directly used or consumed in mfg. <i>WVC § 11-15-9(b)(2)</i>.</p> <p>Wired and wireless equip.: exempt, but purchaser must first pay tax before applying for refund with Tax Commissioner. <i>WVC § 11-15-9(b)(2)</i>. Both services not taxed at consumer level. <i>WVC § 11-15-2(b)(8)</i>. However, prepaid wireless services subject to tax. <i>WVC § 11-15-9(b)(13)</i>.</p> <p>Cable equip.: exempt. <i>WVCR § 110-15-9(9.4.1)</i>. Services are not taxed at consumer level. <i>WVC § 11-15-8</i>.</p> <p>Electric and gas equip.: partially taxable. Electricity and gas sold to consumers are not taxed. <i>WVC § 11-15-9(a)(1)</i>; <i>WVCR §§ 110-15-9(9.2.1), (9.2.2)</i>.</p> | <p>No "good faith" req. imposed when accepting certs. <i>WVC § 11-15-6</i>. Sellers allowed at least 120 days to obtain valid certs. on audit.</p> <p>MTC and SSUTA exemption certs. may be used. <i>WVC § 11-15B-24(a)(3)</i>.</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.</p> <p><i>Form CST250 (07/12)</i>.</p> | <p>32 local tax jurisdictions (ratio of 57,906).</p> <p>Central admin. of the local taxes. <i>WVC §§ 7-22-12(d), -11(d), 8-13C-4(e)</i>. Locals use the same tax base as the state. <i>WVC §§ 8-13C-4(c)(1)</i>.</p> <p>Website has current tax rates and a boundary database but does not have historical rates. http://tax.wv.gov/Business/SalesAndUseTax/LocalSalesAndUseTax/Pages/LocalSalesAndUseTax.aspx.</p> | <p>Full SSUTA member.</p> <p>No tax imposed on digital products. <i>West Virginia State Taxability Matrix version 2015.2</i>.</p> <p>No tax imposed on person merely accessing pre-written computer software. <i>WVC § 11-15-9(a)(21)(B)</i>; <i>WVCR § 110-15-76.1.2</i>.</p> <p>Tax liability relief for sellers and purchasers relying on DOT guidance. <i>WVC § 11-15B-36(a)</i>.</p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>WVC § 11-15A-10a(a)</i>. Credit now provided for other states' state and local taxes. <i>WVC § 11-15A-10a(a)</i>; <i>Matkovich v. CSX Transportation Inc.</i> 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. <i>WVC § 11-15A-10a(a)</i>; <i>WVCR §§ 110-15-43.1, -129.1, -129.7.3</i>.</p> <p>Bad debt deduction does not apply to private-label credit cards. <i>WVC § 11-15B-27(c)</i>.</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> <p>No current contingent fee or private-contract auditing.</p> | |

WISCONSIN

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|---|--|--|--|--|--|--------------|
| <p>B2B sales tax: 42%.</p> <p>Mfg. equip. exemption covers M&E used exclusively and directly by a mfg. in mfg. <i>WS § 77.54(2), (2m), (30)(a)(6).</i></p> <p>Mfg. inputs exemption covers raw materials that become an ingredient, component part, or is consumed or destroyed. <i>WS § 77.54(2).</i></p> <p>Wired and wireless equip.: taxable. <i>WS § 77.54(46m).</i> Both services taxed at consumer level. <i>WS § 77.52(2)(a)(5)(am).</i></p> <p>Cable equip.: taxable. Services are taxed at consumer level. <i>WS § 77.52(2)(a)(12).</i></p> <p>Electric and gas equip.: generally taxable, w/ mfg. exemption. Electricity and gas sold to consumers are subject to tax, w/ exceptions. <i>WS § 77.51(20).</i></p> | <p>No “good faith” req. imposed when accepting certs. <i>WAC § Tax 11.14(4)(b).</i> Sellers allowed 120 days to obtain valid certs. on audit. <i>WAC § Tax 11.14(4)(b).</i></p> <p>MTC and SSUTA exemption certs. may be used. <i>WAC §§ Tax 11.14(2)(a)(3), (b).</i></p> <p>Sellers not required to verify exemption account numbers.</p> <p>Vendor comp.: 0.5% of liability (capped at \$1,000 per reporting period). <i>WS § 77.61(4)(c).</i></p> <p>Direct pay allowed when “enough purchases are taxable ... to justify the expense of regular audits by the department”. <i>WS § 77.52(17m)(b)(3).</i></p> | <p>70 local tax jurisdictions (ratio of 81,243).</p> <p>Central admin. of the taxes. <i>WS § 77.76(1).</i> Locals generally uses the same tax base as the state. <i>WS §§ 77.71(1), (4).</i></p> <p>Website has current tax rates and a boundary database but does not have historical rates. https://www.revenue.wi.gov/faqs/pcs/taxrates.html#tx-rate2.</p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>WS § 77.52(1)(d).</i></p> <p>Generally, no tax imposed on a person merely accessing pre-written computer software. <i>Wis. Dept. of Rev., Sales and Use Tax Treatment Computer - Hardware, Software, Services (5) (A) (eff. 10/09).</i></p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>WS § 77.59(9n) (a), (b).</i></p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>WS § 77.53(16).</i> Full credit for other states’ state and local taxes. <i>Wisconsin Dept. Rev. Tax Bulletin No. 157 (7/08).</i></p> <p>No accel. lease payments. Credits other states’ tax on accel. lease payments. <i>WS § 77.585(2).</i></p> <p>Bad debt deduction applies to private-label credit cards. <i>WS § 77.585(1).</i></p> | <p>Purchasers can obtain refunds from the state w/ out going through the seller. <i>WS § 77.59(4)(a).</i></p> <p>No false claims act.</p> <p>Class action suits not allowed. <i>WS § 803.08(1).</i></p> <p>No current contingent fee or private-contract auditing.</p> | |

WYOMING

| EXEMPTION FOR BUSINESS INPUTS | SALES TAX ADMINISTRATION | CENTRAL TAX ADMIN. | SIMPLIFICATION & TRANSPARENCY | REASONABLE PAYMENT ADMIN. | FAIR AUDIT/ REFUND PROCEDURES | OTHER ISSUES |
|--|---|--|---|---|--|--------------|
| <p>B2B sales tax: 58%.</p> <p>Mfg. equip. exemption limited to machinery used directly and predominantly in mfg. <i>WS §§ 39-15-105(a)(viii)(O), 39-16-105(a)(viii)(D).</i></p> <p>Mfg. inputs exemption limited to ingredients and components of TPP being manufactured. <i>WS §§ 39-15-105(a)(iii)(A), 39-16-105(a)(iii)(A).</i></p> <p>Wired and wireless equip.: taxable. Both services are taxed at consumer level. <i>WS § 39-15-103(a)(i)(c).</i></p> <p>Cable equip.: taxable. Services are not taxed at consumer level. <i>WS § 39-15-103(a)(i)(A)&(B).</i></p> <p>Electric and gas equip.: taxable. Electricity and gas sold to consumers are taxed. <i>WS § 39-15-103(a)(i)(E).</i></p> | <p>No "good faith" req. imposed when accepting certs; sellers allowed 120 days on to obtain valid certs. on audit. <i>WDRR ch. 2 § 7(b)(iii).</i></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). <i>WS § 39-15-107(b)(xi).</i></p> <p>Direct pay limited to applicants who make taxable purchases in the state totaling > \$5M per year. <i>WDRR ch. 2 § 6(a).</i></p> | <p>23 local tax jurisdictions (ratio of 24,505).</p> <p>Central admin. of the local taxes. <i>WS §§ 39-15-202(a), (c), 39-16-203(a).</i> Locals use the same tax base as the state. <i>WS §§ 39-15-103, -105, -202(a), -203(a)(i)(E), -205, 39-16-103, -203(a)(i)(E).</i></p> <p>Website has current and historical tax rates, and a boundary database. <i>http://revenue.wyo.gov/Excise-Tax-Division/sales-use-tax-rates.</i></p> | <p>Full SSUTA member.</p> <p>Tax imposed on digital products. <i>WS § 39-15-103(a)(i)(P).</i></p> <p>No tax imposed on a person merely accessing pre-written computer software. <i>Wyoming Sales and Use Tax Publication - Computer Sales and Services (rev. 8/14).</i></p> <p>Tax liability relief for sellers and purchasers relying on DOR guidance. <i>WS § 39-15-104(g).</i></p> | <p>No advance payments.</p> <p>Credit limited to use tax. <i>WS § 39-16-109(d)(iii).</i> 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 deduction does not apply to private-label credit cards. <i>WS § 39-15-107(a)(x).</i></p> | <p>No written process allowing purchasers to obtain refunds from the state w/out going through the seller. <i>WDRR ch. 2 § 8(b).</i></p> <p>No false claims act.</p> <p>No known use of class action suits.</p> <p>No current contingent fee or private-contract auditing.</p> | |



The Council On State Taxation (COST) is a nonprofit trade association consisting of approximately 550 multistate corporations engaged in interstate and international business. COST's objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.